

9 SEPTEMBER, 1946

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of  
WITNESSES

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I N D E X  
of  
EXHIBITS

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451		Statement of the Ordinance under which the Manchurian Affairs Board was Organized. Imperial Ordinance No. 347 dated 26 December 1934		5112
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Monday, 9 September, 1946

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INTERNATIONAL MILITARY TRIBUNAL  
FOR THE FAR EAST  
Court House of the Tribunal  
War Ministry Building  
Tokyo, Japan

The Tribunal met, pursuant to adjournment,  
at 0930.

- - -

Appearances:

For the Tribunal, same as before.

For the Prosecution Section, same as before.

For the Defense Section, same as before.

- - -

(English to Japanese and Japanese  
to English interpretation was made by the  
Language Section, IMTFE.)

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1 MARSHAL OF THE COURT: The International  
2 Military Tribunal for the Far East is now in session.

3 THE PRESIDENT: All the accused are present  
4 except OKAWA and MATSUI, both of whom are represented  
5 by counsel.

6 Does any counsel desire to mention any  
7 matter?

8 DR. UZAWA: Mr. President.

9 THE PRESIDENT: Dr. UZAWA.

10 DR. UZAWA: With the Court's permission I  
11 desire to report that Commander Harris has become  
12 the counsel for the defendant HASHIMOTO, Kingoro.  
13 With this, each defendant is now represented by  
14 American counsel.

15 THE PRESIDENT: Yes. Mr. Hauxhurst.

16 MR. HAUXHURST: May it please the Tribunal,  
17 the prosecution at this time wishes to introduce into  
18 evidence its document No. 1769, which is a statement  
19 of the ordinance under which the Manchurian Affairs  
20 Board was organized.

21 THE PRESIDENT: Admitted on the usual terms.

22 CLERK OF THE COURT: Prosecution's document  
23 No. 1769 will receive exhibit No. 451.

24 (Whereupon, prosecution's exhibit  
25 No. 451 was received in evidence.)



1 MR. HAUXHURST: Dated December 26, Showa  
2 9/1934 - The Imperial Ordinance No. 347, I would  
3 like to read Article I: (Reading)

4 "The Manchurian Affairs Board falls under the  
5 jurisdiction of the Premier, and deals with the fol-  
6 lowing affairs:

7 "1. Affairs concerning the Kwantung Board.

8 "2. Affairs concerning the coordination  
9 of the administrative businesses regarding Manchuria  
10 in every Ministry.

11 "3. Affairs concerning the leading and  
12 encouragement of the colonial enterprises in Man-  
13 churia, excepting diplomatic matters.

14 "4. Superintendence of the business of the  
15 South Manchurian Railway Company and the Manchurian  
16 Telegraph and Telephone Company.

17 "5. Affairs concerning the cultural enter-  
18 prises in Manchuria."

19 I would like then to proceed to Article III  
20 on page 3:

21 "Four administrative officials are to be  
22 appointed, in addition to the staff mentioned in the  
23 previous Article.

24 "By the Premier's petition to the Emperor,  
25 the Cabinet will appoint them from among field and  
company officers or officers holding a similar rank

1 in the Army, or from among Captains and officers  
2 below Lieutenant Commanders of the Navy."

3 The prosecution would like now to introduce  
4 its document No. 1801, which is an excerpt from the  
5 "Sixth Report on Progress in Manchuria to 1939,"  
6 published by the South Manchurian Railway Company.

7 THE PRESIDENT: Admitted as before.

8 CLERK OF THE COURT: Prosecution's document  
9 No. 1801, a book entitled "Sixth Report on Progress  
10 in Manchuria to 1939," will be given exhibit No. 452;  
11 the excerpt therefrom bearing the same number will be  
12 given exhibit No. 452A.

13 (Whereupon, prosecution's exhibits  
14 No. 452 and No. 452A were received in evidence.)

15 MR. HAUXHURST: This is Chapter Five, headed  
16 "Reorganization of Japanese Jurisdiction," and begins  
17 on page eight. The full Chapter is included in this  
18 document. (Reading):

19 "Up to 1931, the Japanese jurisdiction in  
20 Manchuria presented a quadruple front, the Kwantung  
21 Government in the Leased Territory, the South Manchuria  
22 Railway Company in the Railway Zone, the Consulates  
23 in various consular districts, and the Kwantung Army.  
24 Although each one of these organs had its own special  
25 mission, the desire for a unified administration was

1 growing everywhere.

2 "The outbreak of the Manchurian Incident  
3 and the subsequent establishment of Manchoukuo  
4 helped to materialize this desire in a sweeping  
5 change which was effected in 1932. Under the new  
6 three-in-one system, the Commander of the Kwantung  
7 Army became simultaneously the Governor of the  
8 Kwantung Leased Territory and the Ambassador to  
9 Manchoukuo. This was an improvement but various  
10 difficulties were still felt both in Manchuria and  
11 in Tokyo. This was largely due to the fact that  
12 the shift was made only on the Manchurian front and  
13 no changes were effected at the sources of control  
14 in Tokyo.

15 "After a further study, therefore, another  
16 sweeping reorganization was effected late in 1934  
17 (For details, see Fifth Report, Section 3). This  
18 time, the two-in-one unification was effected by  
19 combining the Commander of the Kwantung Army and the  
20 Ambassador to Manchoukuo. The office of the Governor  
21 of the Kwantung Leased Territory was abolished and a  
22 new office was created under the name of the Kwantung  
23 Bureau. The General Director of the Kwantung Bureau  
24 and the Councillor of the Embassy, both under the  
25 direction of the Ambassador, respectively, supervised

1 the general Japanese jurisdiction and the diplomatic  
2 activities in Manchuria, while the Governor of the  
3 Kwantung District Government at Port Arthur, removed  
4 to Dairen in 1937, administered the Kwantung Leased  
5 Territory under the general supervision of the  
6 General Director of the Kwantung Bureau and the South  
7 Manchuria Railway Company came under the direct  
8 supervision of the Ambassador. In Tokyo, a new  
9 office was created under the name of the Manchurian  
10 Affairs Bureau under the Cabinet supervision and  
11 the Prime Minister supervised the jurisdictional  
12 activities of the Ambassador through this office,  
13 while the Foreign Minister supervised only the  
14 purely diplomatic details of the Ambassador through  
15 the Councillor of the Japanese Embassy at Hsinking.  
16 Moreover, the Army Minister simultaneously held the  
17 office of the President of the Manchurian Affairs  
18 Bureau, thus effecting the coordination between the  
19 civil and military administrations. General Jiro  
20 Minami became the first Ambassador and Commander-in-  
21 chief of the Kwantung Army, succeeded in 1936 by  
22 General Kenkichi Uyeda who continues to serve in the  
23 same office today.

24 "The relinquishment of extraterritoriality  
25 in Manchoukuo and the transfer of the administrative



1 rights over the S.M.R. Zone as of December 1, 1937,  
2 again necessitated a slight reorganization in the  
3 Japanese jurisdiction, although the general principle  
4 of two-in-one administration remains unchanged. The  
5 changes were effected by an Imperial Ordinance dated  
6 December 1, 1937, which went into force on the same  
7 day. In the Kwantung Bureau, the Police Department  
8 was abolished with the transfer of Japanese police  
9 forces to Manchoukuo and the Education Department  
10 was created to supervise School Associations and  
11 Federation of School Associations (See below,  
12 Section 14:2) which took over Japanese educational  
13 activities in Manchuria. In the Kwantung District  
14 Government, all offices including police and postal  
15 services which were operating in the S.M.R. Zone were  
16 transferred to Manchoukuo, two Departments of Fin-  
17 ance and Civil Engineering were added, and the  
18 Dairen Civil Administration Office was abolished,  
19 placing the City of Dairen under the direct super-  
20 vision of the Kwantung District Government which  
21 was already moved from Port Arthur to Dairen. More-  
22 over, various activities of purely Japanese character  
23 which were carried on by post offices in the S.M.R.  
24 Zone were entrusted to similar Manchoukuo post offices  
25 for the time being (See below, Section 15).

1 "Another far-reaching result of the relin-  
2 quishment of extraterritoriality, including consular  
3 jurisdiction, was the abolition of several Japanese  
4 consulates in Manchoukuo. This momentous decision  
5 was announced by the Japanese Embassy in Hsinking  
6 early in January, 1939. The shift included the  
7 abolition of Consulates-General at Mukden, Kirin,  
8 and Tsitsihar and Consulates or branches at Antung,  
9 Ghinchou, Chengte, Chihfeng, Paichengtzu, and Yenchí,  
10 leaving open for the time being the Consulates-  
11 General at Hsinking and Harbin and Consulates in  
12 Northeast Manchuria. The Mutankiang Branch of the  
13 Harbin Consulate-General and the Hunchun Branch of  
14 the Yenki Consulate were raised to regular Consulates  
15 in view of the growing importance of northeastern  
16 frontiers."  
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1 Prosecution now desires to present into  
2 evidence document No. 1915 and to ask for excerpts  
3 to be taken and to have them separately marked as  
4 an exhibit. Before reading this document I would  
5 like to call the Court's attention to certain tes-  
6 timony which witness Pu-Yi gave on pages 3993, 3994,  
7 3997, 4019, 4020 and 4021, and 4172 of the record in  
8 which he referred to the General Affairs Board of  
9 Manchukuo and its position of influence in that  
10 government; also in reference to the pages which  
11 I have cited in which he referred to the accused  
12 HOSHINO as being Chief of the General Affairs Board  
13 of Manchukuo. Reading from the interrogation --

14 THE PRESIDENT: Admitted on the usual terms.

15 CLERK OF THE COURT: Prosecution's document  
16 No. 1915 will receive exhibit No. 453. Excerpts  
17 therefrom will receive exhibit No. 453-A.

18 (Whereupon, prosecution's exhibits  
19 No. 453 and 453-A were received in evidence.)

20 MR. HAUXHURST: Reading from the interro-  
21 gation which was taken on January 28, 1946, File  
22 No. 69, Serial 18, page 1:

23 "Q. Where did you go in 1932, Mr. Hoshino?

24 "A. I went to Manchuria in 1932.

25 "Q. What date, if you remember, did you go

1 to Manchuria?

2 "A. I left Japan on the 12th of July 1932.

3 "Page 3

4 "Q. Mr. Hoshino, when did you first know that  
5 you were going to be sent over to Manchuria?

6 "A. At the end of June.

7 "Q. And who told you?

8 "A. The Private Secretary of the Minister  
9 of Finance told me of this trip.

10 "Page 4

11 "Q. What, if anything, did he say to you  
12 as to why you were going over there?

13 "A. I was considered competent for the  
14 position of Chief of the General Affairs Board.

15 "Q. Did you select the men that went with  
16 you in your party?

17 "A. The Private Secretary of the Finance  
18 Minister consulted with me and competent persons were  
19 picked.

20 "Page 10

21 "Q. When you were Chief of the General Affairs  
22 Bureau from 1932 to 1936, during that period of four  
23 years, did you have any dealings with the Kwantung  
24 Army?

25 "A. There was constant liaison between the two.



1 "Q. What did you have this liaison about?

2 "A. There were many matters that came up  
3 for question, and as a result of the Japan Manchurian  
4 Treaty, liaison was established with the Kwantung  
5 Army to deal with these matters.

6 "Q. Give us some examples of the matters.

7 "A. One instance was in connection with  
8 the taxation or taxing of Japanese nationals who  
9 enjoyed extra territoriality in Manchukuo, also the  
10 railway zone which was under direct Japanese control.  
11 In connection with the abolition of these extra  
12 territorial privileges and special privileges in the  
13 railway zone, matters had to be referred to various  
14 organizations, and amongst these was the Kwantung Army.

15 "Q. Did the Kwantung Army have jurisdiction  
16 over the territory of the South Manchurian Railway,  
17 or were they restricted to the Kwantung leased territory?  
18

19 "A. The Kwantung Army had no jurisdiction  
20 over the South Manchuria Railway zone, but the Commander  
21 in Chief of the Kwantung Army was also Chief of the  
22 government of the Kwantung leased territory, and in  
23 this capacity he had jurisdiction over the railway  
24 zone and leased territory."

25 If it may please the Tribunal, I will omit  
the "question" and "answer" unless you would like

1 to have me read the question -- state the "question"  
2 and "answer" before reading it.

3 THE PRESIDENT: Well, if the answer can be  
4 followed without the question, do so. That should  
5 be a feature of answers to interrogatories in the  
6 ordinary course; that is, answers can be read without  
7 reference to questions. Perhaps these can be, too.

8 MR. HAUXHURST: (Reading):

9 "Did the Kwantung Army" --

10 THE PRESIDENT: I am afraid -- look at page  
11 11: (Reading)

12 "Q. Who was Chief of the Kwantung Army  
13 during the period 1932 to 1936?" Then he answers:  
14 "At first it was Lt. General HONJO, followed by  
15 Generals MUTO, HISHIKARI, MINAMI, and UEDA -- these  
16 four Generals." Reading that answer alone you cannot  
17 make sense out of it.

18 MR. HAUXHURST: Very well, sir. (Reading):

19 "Q. Did the Kwantung Army have jurisdiction  
20 over the territory of the South Manchurian Railway,  
21 or were they restricted to the Kwantung leased territory?

22 "A. The Kwantung Army had no jurisdiction  
23 over the South Manchuria Railway zone, but the Commander  
24 in Chief of the Kwantung Army was also Chief of the  
25

1 government of the Kwantung leased territory, and in  
2 this capacity he had jurisdiction over the railway zone  
3 and leased territory.

4 "Q. In such cases as you had to deal with  
5 the Kwantung Army, who did you take them up with?

6 "A. This also depended upon the matter under  
7 question and the person or persons concerned with these  
8 matters and questions."

9 THE PRESIDENT: The reporter will just use "Q"  
10 and "A" where you use "Question" and "Answer."

11 MR. HAUXHURST: Yes, sir.

12 THE PRESIDENT: Well, you need not use those  
13 words.

14 MR. HAUXHURST: (Reading):

15 "Page 11

16 "Q. Who was chief of the Kwantung Army during  
17 the period 1932 to 1936?

18 "A. At first it was Lt. General HONJO,  
19 followed by Generals MUTO, HISHIKARI, MINAMI, and UEDA --  
20 these four Generals.

21 "Q. Can you give me an example of any time  
22 when you personally took any matters up with these  
23 Generals or Heads of the Army?

24 "A. For instance, I discussed with General  
25 UEDA the question of the abolition of extra-territoriality.

1 "Q. Are there any other cases that you remember

2 "A. Another instance was in 1932 in connection  
3 with the flotation of Manchukuo public bonds in Japan  
4 and the moral support of the Kwantung army under  
5 General MUTO was requested for the flotation.

6 "Q. Why was it necessary to take the flotation  
7 of bonds of Manchukuo up with the Head of the Kwantung  
8 Army?

9 "A. As Manchukuo had just been established  
10 as a nation and the people in Japan were not well  
11 acquainted with Manchurian affairs, it was deemed  
12 advisable to obtain the support of the Kwantung  
13 Army who were the most powerful Japanese organization  
14 in Manchuria. The support was deemed necessary in  
15 order to insure the success of the flotation.

16 "Q. Were these the bonds of Manchukuo?

17 "A. Yes.  
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"Page 15

"Q Did you know Mr. KISHI, Shinsuke?

"A Yes.

"Q When did you first meet him?

"A It was either in 1934 or 1935 when he came to Manchoukuo.

"Q Did he have any position or office in Manchoukuo at that time?

"A He was Vice Minister of the Commerce and Industry Department.

"Q And he came there from Japan for that office in 1935?

"A Yes about that time. I am not sure about the exact date. I might have met Mr. KISHI before, but I do not remember the occasion.

"Page 16

"Q When he was Vice Minister of Commerce and Industry you were then Vice Minister of Finance. Did your departments have a great deal to do with each other in connection with the government business?

"A Yes.

"Q Give us examples of matters that you had under consideration?

"A An instance is the five-year plan. This



1 plan would be formulated by the Commerce and  
2 Industry Ministry and assistance on financial  
3 questions would be given by the Finance Ministry.

4 "Q In connection with the five-year plan,  
5 did you have a great deal to do with the drawing  
6 up of the plan?

7 "A Yes. On financial matters.

8 "Q Who else besides yourself and Mr. KISHI  
9 took part in the development of the five-year plan  
10 for Manchoukuo?

11 "A There were many people from the South  
12 Manchuria Railway Company and the General Affairs  
13 Board who took part.

14 "Q What was the purpose of this plan?

15 "A Instead of the haphazard development  
16 that took place during the four or five years  
17 after the establishment of Manchoukuo, it was  
18 deemed necessary that a concrete, co-ordinated  
19 plan be formulated. It was thought extremely  
20 important that the plans for the development so  
21 far as the Manchoukuo government was concerned  
22 should be coordinated with the developments that  
23 were being planned and carried on by the South  
24 Manchurian Railway Company; and in making up  
25 this plan it was the purpose to co-ordinate these

1 two different branches so that they would work  
2 as an integrated whole."

3 The next serial number is File 69,  
4 Serial 19, interrogation taken on February 4, 1946.

5 "Page 1

6 "Q Mr. KISHI was Vice Minister of Industry  
7 and Commerce when you were there. Did he ever  
8 become connected with the General Affairs Board?

9 "A Mr. KISHI became Vice Chief of General  
10 Affairs Board.

11 On Page 2

12 "Q Did he work under you as Chief of the  
13 General Affairs Board?

14 "A Yes.

15 "Q Did you and Mr. KISHI work together in  
16 working out the economic plans for the development  
17 of Manchoukuo?

18 "A Yes I worked together with Mr. KISHI.

19 "Q What was the plan that you worked out  
20 for the economic development of Manchoukuo?

21 "A We worked on the five year plan for the  
22 Manchoukuoan industry and the development of Man-  
23 churian national resources, and in connection with  
24 agriculture, reforming the variety of agricultural  
25 crops and the increase in their production.

1 "Page 8

2 (Referring to General ITAGAKI)

3 "Q Did he work with you in connection with  
4 the development of the five-year plan?

5 "A At the time we worked together.

6 "Q Who had the final say so far as the  
7 Kwantung Army was concerned? What officer? That  
8 is in making decisions on matters that were put in  
9 the five-year plan or left out of it.

10 "A The Commander of the Kwantung Army.

11 "Q Did the Chief of Staff have the final  
12 say in most matters?

13 "A I don't think so. I think the Commander  
14 of the Kwantung Army. The Kwantung Commander had  
15 been serving for a long time, so he knew the actual  
16 conditions and the situations and therefore he  
17 had the final say.

18 "Page 10

19 "Q What was the Manchurian Heavy Industrial  
20 Company?

21 "A It was a corporation to combine and  
22 develop the heavy industries of Manchukuo.

23 "Q Do you know when it was formed?

24 "A The plan was formulated in 1937, but  
25 the corporation was formed in the early part of 1938.



On Page 11

"Q What was Mr. MATSUOKA's position so far as the Industrial Development Corporation was concerned?

"A The industries of Manchuria were formerly under the South Manchurian Railway, and to form a new corporation brought a certain amount of hesitancy from Mr. MATSUOKA. However, with the development of railroads in North China, the South Manchurian Railway had to give aid to the North China Railways. So Mr. MATSUOKA agreed to the formation of the Manchurian Industrial Development Corporation.

"Page 12

"Q What was the disagreement between Mr. MATSUOKA and the Kwantung Army as to the formation of this Manchurian Industrial Development Corporation.

"A There was no special reason, except as I stated above, the one just mentioned.

"Q Did the Kwantung Army insist upon this plan being carried out?

"A The Kwantung Army agreed upon this plan and supported the Plan."

On Page 13

"Q In December 1937 Manchukuo promulgated the

1 Industrial Development Corporation Administration  
2 Act. Do you know why that was promulgated?

3 "A The ordinary laws were **not** appropriate,  
4 so they established this special administrative law.

5 "Q Do you mean to establish this company?

6 "A This law took in the matters concerning  
7 the investments by the government, the profit shar-  
8 ings, and supervision by the government of this  
9 corporation.

10 "Q Did these matters come within the juris-  
11 diction of the General Affairs Board?

12 "A The Director of the Industrial Department  
13 has the responsibility over this industry. However,  
14 the General Affairs Board assisted in making up  
15 the laws in the operation of the company.

16 "Page 15

17 "Q When did you leave Manchukuo?

18 "A July of 1946.

19 "Q And why did you leave there?

20 "A I left Manchukuo to become the director  
21 of the Enterprising Bureau under the Second Konoye  
22 Cabinet.

23 "Q Is the Enterprising Bureau the same as  
24 the Cabinet Planning Board?

25 "A It is the same and I prefer 'Cabinet

1 Planning Board'.

2 "Q How large a board was the Cabinet Planning  
3 Board?

4 "A About one hundred persons were in the  
5 Cabinet Planning Board.

6 "Page 16

7 "Q Did the Planning Board undertake to  
8 work out an economic plan for Japan while you  
9 were connected with the Cabinet Planning Board?

10 "A Yes, it made economic plans for Japan.

11 "Q Did your Board under your direction as  
12 Chief prepare an economic plan for business, man-  
13 ufacturing, and industry in Japan?

14 "A Yes there was a plan made in the Cabinet.

15 "Q What did the plan provide for?

16 "A The industries dealing in the same line  
17 should organize and make a solid group, and through  
18 this group they should undertake to carry on their  
19 duties. And the government control should be  
20 through this group.

21 "Q Was the government to appoint the directors  
22 and managers of this organization?

23 "A The government was to nominate the head  
24 of the group.

25 "Q Was this plan after the plan that had

1       been adopted in Manchukuo?

2               "A    This plan was different from the one  
3       adopted in Manchuria.

4               "Q    How did it differ from the one adopted  
5       in Manchuria?

6               "A    The fundamental difference is that the  
7       one in Manchuria was a corporation and not trying  
8       to organize all the industries -- just one big  
9       corporation by itself -- and aside from that there  
10      were other independent corporations. In Japan  
11      it was a group, and not a corporation, just an  
12      association or a sort of medium for holding to-  
13      gether.

14                               "Page 17

15               "Q    In Manchuria did the government appoint  
16       the President of the big corporation?

17               "A    Yes.  
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1            "Q    In Japan did the government form a control  
2 association and appoint the director and President  
3 of that control association?

4            "A    Yes.

5            "Q    Did that association include the corpora-  
6 tions in the same line industry as members of the  
7 association?

8            "A    Yes."

9            File #69, Serial 21, interrogation taken on  
10 February 7, 1946.

11            "Page 11

12            "Q    What did you do in making up this plan  
13 looking towards the development in East Asia?

14            "A    It was a plan envisaging the development  
15 of the resources of Manchuria, China, and East Asia  
16 in general since Japan itself did not have all the  
17 necessary resources.

18            "Page 17

19            "Q    Who was the foreign minister of the second  
20 KONOYE cabinet?

21            "A    MATSUOKA.

22            "Q    MATSUOKA announced a new foreign policy  
23 after he became foreign minister, did he not?

24            "A    I don't remember exactly.

25            "Q    Do you know what the foreign policy for

1 Greater East Asia of MATSUOKA was, and if so, state  
2 what it was.

3 "A It was pretty much what I have said before -  
4 it was to establish cordial relations among the  
5 various nations in East Asia.

6 "Q Did MATSUOKA's plan contemplate more than  
7 Japan and Manchukuo?

8 "A It included China at least.

9 "Q Did the MATSUOKA plan contemplate treating  
10 the new Nanking China Government in the same way as  
11 it did Manchukuo which had been established by Japan?

12 "A No, in a different way.

13 "Q How?"

14 Then on Page 18,

15 "A. Well the difference lay in the fact that  
16 under the Japanese-Manchuria Treaty very close mili-  
17 tary and political ideas were formed, whereas the  
18 Japanese relations with the Nanking government were  
19 not as close."

20 File #69, Serial 24, interrogation taken on  
21 January 31, 1946

22 "Page 2

23 "Q When were you appointed Vice Minister of  
24 the Finance Department; what date?

25 "A 1936.

1 "Q Do you remember the date?

2 "A I do not remember.

3 "Q When did you become Chief of the General  
4 Affairs Board?

5 "A I became Chief of the General Affairs  
6 Board in December 1936.

7 "Q What were the duties and what did the  
8 General Affairs Board handle in connection with the  
9 Government of Manchukuo?

10 "A It was directly under the Premier of the  
11 Manchukuo Government. This Bureau took charge of  
12 budget enterprise statistics, personnel, legal matters,  
13 and information.

14 "Q Did they have general control and super-  
15 vision over the affairs of the other bureaus, too?

16 "A This Bureau under the control of the  
17 Premier had some control over the other bureaus.  
18 The Premier controls this Board and through this  
19 Board controls the other bureaus under the order of  
20 the Premier.

21 "Q It was one of the most important divisions  
22 of the Manchukuo Government, was it not?

23 "A Yes.

24 "Q When you became Chief of the General  
25 Affairs Board did you take Mr. SAKIYAMA's place?

1            "A. Mr. SAKIYAMA was Vice President. The first  
2 chief was KOMAI, the next chief was ENDO; following  
3 that NAGAI: following him came ODATE and I succeed-  
4 ed Mr. ODATE as chief.  
5

6            "Q How long did you continue as the Chief of  
7 the General Affairs Board?

8            "A. Three and one-half years approximately.

9            "Page 3

10          "Q Until the end of 1939?

11          "A. Until July of 1940.

12          "Q And where did you go?

13          "A. I returned to Japan.

14          "Q And did you have an office with the Japan-  
15 ese Government then?

16          "A. I was head of the Enterprising Bureau.

17          "Q Under what department of the Japanese  
18 Government or was that a separate department?

19          "A This Department came directly under the  
20 control of the Premier.

21          "Q Who was the Premier?

22          "A Prince KONOYE. I became a minister with-  
23 out portfolio under this Department, the Enterprising  
24 Bureau.

25          "Q And did you continue as minister without  
portfolio to the KONOYE Cabinet from its beginning



1 until the end which would include the second and  
2 third cabinets?

3 "A I resigned April 1941 during KONOYE's  
4 second cabinet.

5 "Q Were you at all times the head of the  
6 Enterprising Bureau while you were acting as minister  
7 without portfolio?

8 "A Yes.

9 "Q Did you have charge of any other bureaus  
10 or departments as minister without portfolio?

11 "A No other bureau.

12 "Q What did the Enterprising Bureau do, Mr.  
13 HOSHINO? What was its duties and how did it function?

14 "A This Department was formed to collaborate  
15 the various departments and to make future plans for  
16 the coming year.

17 "Q In so doing did they have any connection  
18 with the Manchoukian Government?

19 "A No connection with the Manchoukian Govern-  
20 ment.

21 "Q So that the Enterprising Bureau was making  
22 plans for Japan proper?

23 "A Yes, just plans for Japan proper. It made  
24 plans to export and import from Manchukuo; make plans  
25 as to just what to send to Manchukuo and what Japan

1 imported from Manchukuo. The General Enterprising  
2 Bureau made plans for the coming year - -

3 Page 4

4 only so far as Japan was concerned but there was in-  
5 cluded necessarily in those plans the relationship  
6 between Japan and Manchukuo so far as the importa-  
7 tion of goods and raw materials from Manchukuo and  
8 what Japan would send to Manchukuo by way of export.

9 "Q Did any dispute ever arise between your  
10 Bureau and the Manchoukian representatives as to  
11 what these plans would cover -- exports and imports?

12 "A There were no special disputes between the  
13 Manchoukian Government and the Enterprising Bureau.

14 "Q Did the Enterprising Bureau have anything  
15 to do with the financing of industries in Manchukuo?

16 "A There was a financial plan set up within  
17 the Japanese plans. There was a certain amount allot-  
18 ted to assist Manchoukuo. However, I cannot say that  
19 it was directly appropriated to the financing of  
20 industries.

21 "Q Was it loaned or advanced to the Government?

22 "A In the plan there is a certain amount to  
23 be invested in Manchoukuo. It does not concern in-  
24 dustry alone; but just so much investment in Man-  
25 choukuo. It included industry and other governmental

1 requirements. There was so much allotted to Man-  
2 choukian industry and other governmental functions.  
3 However, our Bureau did not concern itself with how  
4 it should be used by Manchukuo. It was the Finance  
5 Department which took care of such matters."

6 On Page 5,

7 "Q Was the Kwantung Army separate from the  
8 railroad zone?

9 "A It was separate but the Kwantung Army head  
10 was the Governor of the Kwantung territory.

11 "Q The consulates also had their separate  
12 functions at that time, did they not?

13 "A Yes.

14 "Q After you went there in 1932 was a change  
15 made?

16 "A Yes, a change was made.

17 "Q And what did they have then?

18 "A The Kwantung Army Commander is the Amba-  
19 sador to Manchukuo and the Ambassador controlled the  
20 consulate, the Manchurian Railway and the Kwantung  
21 Government.

22 "Q When did that take place? Was that after  
23 you went to Manchukuo?

24 "Q In 1932. "A Yes.

25 "Q Was there any change in this arrangement in

1 1934

2 "A There were some changes made."

3 On Page 6

4 "Q What were the changes? Maybe I can help  
5 you by asking you whether in 1934 the Commander  
6 of the Army and the Ambassador were combined into  
7 one man so that the Ambassador represented the  
8 Japanese Government in the carrying on of the  
9 functions of Government as far as the Kwantung  
10 leased territory and the South Manchurian Rail-  
11 way Company zone were concerned. Is that correct?

12 "A Yes.

13 "Q When they combined the Commander of the  
14 Army with the Ambassadorship it became necessary  
15 that they always have a military man as the Am-  
16 bassador to Manchukuo? Is that right?

17 "A Yes.

18 "Page 13

19 "Q What did you have to do with the Five  
20 Year Economic Plan that was drawn up in 1936?

21 "A When the Five Year Plan was drawn up  
22 I was in the Finance Department, therefore, I  
23 was connected on the finance side of the plan.

24 "Q When did the five year plan become  
25 effective; when did it go into effect?



1 "A From 1937.

2 "Q As Chief of the General Affairs Board  
3 did you have anything to do in connection with it?  
4

5 "Page 14

6 "A After I became the Chief of the General  
7 Affairs Bureau I had general connection with it.

8 "Q Whom did you work with in connection  
9 with the five year plan?

10 "A I worked with Finance Minister and its  
11 Vice Minister; the Industrial and Agriculture  
12 Minister and its Vice Minister; the head of the  
13 Enterprising Bureau, the Communication Minister  
14 and the Vice Chief of the General Affairs Bureau."  
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1 MR. HAUXHURST: I am sorry that there is a  
2 few questions and answers here that seem to be a  
3 repetition of what has already been read; and I  
4 would be glad to skip to top of page 17.

5 On page 17, question -- I will have to  
6 go back to the other two questions.

7 THE PRESIDENT: This interrogation adds  
8 very little to the correspondence that you have  
9 already tendered.

10 MR. HAUXHURST: That is right.

11 THE PRESIDENT: It connects the person  
12 interrogated, I suppose, in some way.

13 MR. HAUXHURST: Yes, sir.

14 On top of page 12:

15 (Reading):

16 " Page 16

17 "Q. Do you have any knowledge as to how Mr.  
18 AIKAWA came to come over there at that time to Man-  
19 chukuo?

20 "A. I believe he was encouraged by the Japanese  
21 Government to go to Manchukuo.

22 "Page 17

23 "Q. Do you know why?

24 "A. Several enterprisers were sent to Manchukuo  
25 to study and investigate the economic state in

Manchukuo. Mr. AIKAWA was one of them.

1 "Q. During that time was there any opposition  
2 on the part of the Kwantung Army to the Zaibatsu  
3 making an investment in Manchukuo?

4 "A. At first there seemed to have been an  
5 opposition from the Kwantung Army but I do not  
6 think there was any special objection.

7 "Q. What was the reason that the Kwantung  
8 Army made any objection to the Zaibatsu making  
9 investments in Manchukuo?

10 "A. The army in general did not oppose the Zai-  
11 batsu but there existed such an atmosphere among the  
12 Kwantung officers. The Kwantung officers believed  
13 that since the Zaibatsu monopolizes industry in  
14 Japan such should not happen to the industries in  
15 Manchukuo. Therefore, the opposition on the part  
16 of the army.

17 "Page 18

18 "Q. Was there any differences of opinion as  
19 to the handling of industries between the Kwantung  
20 Army and the South Manchuria Railway?

21 "A. There was no particular difference be-  
22 tween the Kwantung Army and the South Manchurian  
23 Railway. However, the South Manchurian Railway  
24 advocated a Japanese corporation, while the Kwantung  
25 Army advocated a Manchoukian corporation.

1 "Q. Why did the Kwantung Army advocate having a  
2 Manchoukian corporation rather than a Japanese cor-  
3 poration.

4 "A. The Kwantung Army advocated the Manchoukian  
5 corporation because as long as the industry was Man-  
6 choukian it should be controlled by the Manchoukians  
7 in all affairs. This was not a Kwantung Army policy  
8 but a tendency towards that aim.

9 "Q. Was the tendency to develop Manchoukuo as  
10 a self-integrated unit or a self-supporting unit of  
11 government? Was this policy on the part of the  
12 Army to make Manchoukuo self-controlled so far as  
13 materials and manufactures were concerned?

14 "A. Yes, it was. The industries in Manchoukuo  
15 should be controlled by the Manchoukians and in order  
16 to communicate with Japan the Manchoukuo-Japan  
17 Economical Committee was formed to act sort of as a  
18 liaison."

19 On Page 19,

20 "Q. When did you next see mr. AIKAWA?

21 "A. I do not remember.

22 "Q. Did you see him more than once in Tokyo?

23 "A. I met him two or three times in Tokyo.

24 "Page 20

25 "Q. Did you talk with him about the possibi-



1 lity of his coming over to Manchukuo and interesting  
2 himself in the development of the country?

3 "A. We did discuss about such matters.

4 "Q. What particular matters did you discuss?

5 "A. Mr. AIKAWA stated that in order to develop  
6 Manchukuo Japanese machinery and financial aid was  
7 insufficient. Therefore, other foreign investments  
8 were necessary in order to establish the industry  
9 in Manchukuo, particularly American aid, investment.

10 "Page 21

11 "Q. What was Mr. AIKAWA's plan?

12 "A. In order to develop the industries in Man-  
13 chukuo various industries, such as coal, steel and  
14 machine industries, must be consolidated. This con-  
15 solidated industry should be controlled by the Japan  
16 Industrial Corporation. Japan alone cannot finance  
17 this big project so they need outside help, pre-  
18 ferably United States investments.

19 "Q. Was Mr. AIKAWA's plan in writing?

20 "A. There may have been a pamphlet published  
21 by Mr. AIKAWA.

22 "Q. Did you discuss this plan when you were in  
23 Manchukuo with Mr. KISHI?

24 "A. Yes.

25 "Page 22

1 "Q. When was the Manchurian Heavy Industries  
2 Corporation formed?

3 "A. I believe it was formed in the latter  
4 part of the fall of the year 1937.

5 "Q. Did the General Affairs Board have any-  
6 thing to do in connection with the organization of  
7 that Corporation?

8 "A. In order to make the special laws or de-  
9 crees for the Manchurian Heavy Industries Corpora-  
10 tion there was the conference of various ministers  
11 and the General Affairs Bureau had connections in  
12 this conference. In order to formulate a treaty be-  
13 tween Manchukuo and China, the Japanese Manchurian  
14 Economical Commission has to make liaison between  
15 the two countries and the Chief of the General  
16 Affairs Bureau is a member of that Liaison Economi-  
17 cal Committee, so therefore, the General Affairs  
18 Bureau has connection.

19 "Page 23

20 "Q. You were the representative of the General  
21 Affairs Board upon this liaison committee?

22 "A. Yes.

23 "Q. As such representative what did you do  
24 with the preparation of this treaty or this agreement?

25 "A. I was present at the conference and I agreed

1 upon the plan.

2 "Q. And did you draw up the agreement?

3 "A. I did not draw up the agreement. I  
4 merely agreed upon this.

5 "Q. Did you make any suggestions or changes  
6 in it before it was finally signed?

7 "A. I did not make any changes or suggest-  
8 ions.

9 "Q. Was Mr. AIKAWA at these conferences?

10 "A. He was not present.

11 "Q. Who were present at these conferences?

12 "A. Those present at the conference were  
13 Foreign Minister, Finance Minister, Industrial  
14 Minister, and Chief of the General Affairs Bureau  
15 from Manchukuo. And from the Japanese side there  
16 were the Chief of Staff.

17 "Q. Was that TOJO the Chief of Staff?

18 "A. Yes. (resuming) Consular from the Embassy.

19 "Q. Who was he?

20 "A. MORIYA or SAWADA. (resuming). And experts  
21 nominated by the Japanese Government and the Gov-  
22 ernor of the Kwantung Prefecture."

23 File #69, Serial 27, interrogation taken  
24 on February 26, 1946.  
25

1 "Page 1

2 "Q. Just what was the purpose and duties of  
3 the Planning Board, Mr. Hoshino?

4 "A. The general duties of the Cabinet Planning  
5 Board are mainly in two parts: The general arrange-  
6 ment of the various departments and the formation of  
7 yearly plans.

8 "Q. And what do you mean by the formation of  
9 yearly plans?

10 "A. By that I mean the production plans and  
11 material distribution plans and various other minor  
12 details such as for transportation to carry out the  
13 material distribution.

14 "Page 2

15 "Q. And during that period of time you not  
16 only made the necessary plans for the administration  
17 of the Empire of Japan but also plans required for  
18 the supply of munitions and materials for the Japan-  
19 ese Army in China? Is that not correct, Mr. Hoshino?

20 "A. In this Planning Board, the only plans made  
21 for material distribution is an over-all plan and it  
22 does not go into any detail matter. For instance, if  
23 the Navy and Army and the civilian populace submit  
24 certain plans to carry out their needs, the Cabinet  
25 Planning Board makes the necessary plans with respect



to the amount of material available. The Cabinet

1 Planning Board is not concerned as to whether the  
2 amount of material is to be used by certain forces  
3 in China or another certain amount will be used by  
4 certain forces in Japan Proper. It only takes in  
5 the over-all estimates from the various demands.

6 "Q. And from what source, Mr. Hoshino, would  
7 you receive the various demands and estimates of  
8 materials and supply that would be needed in connec-  
9 tion with your yearly plan?

10 "A. They are submitted by the various depart-  
11 ments such as the Army, the Navy, or the Agriculture,  
12 and so forth.

13 "Q. Is it not a fact, Mr. Hoshino, that over  
14 the years before you became president of the Planning  
15 Board and thereafter that the demands of the Army  
16 and Navy had constantly increased?

17 "A. Yes, it has increased.

18 "Q. And is it not a fact that in 1939 and  
19 1940 and prior thereto the Army and Navy were in-  
20 creasing their demands for supplies not only for the  
21 war in China but in contemplation of the possibility  
22 of war with other powers?

23 "A. That I cannot say. The increase in mat-  
24 erial distribution was for the purpose of carrying  
25



1 on the war in China, however, the exact contents  
2 and the reason therefore, was kept a secret by  
3 the Army and the Navy and, therefore, the Cabinet  
4 Planning Board knew nothing as to their use.

5 "Q. But you did know, Mr. Hoshino, did you  
6 not, as stated a moment ago that the demands of the  
7 Army and Navy for supplies increased each year?

8 "A. Yes, that is certain.  
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1 MR. HOWARD: Mr. President, my name is Howard  
2 and I am representing Mr. HOSHINO in the absence of  
3 Captain Williams who is now in the hospital. The way  
4 we understood the reading of this document, two mistakes  
5 were made that we think material and should be corrected  
6 in the record. One of them was on page 14, in which  
7 the question was asked, "Was that TOGO, the Chief of  
8 Staff," while it should have read TOJO.

9 THE PRESIDENT: Do you mean it should have  
10 been T-O-G-O but it is T-O-J-O here?

11 MR. HOWARD: I understood that he read it  
12 T-O-G-O while it should have been the other way.

13 THE PRESIDENT: It will be written T-O-J-O  
14 because the reporters are taking it from the document  
15 and not from what they hear Mr. Hauxhurst say.

16 MR. HOWARD: Very well, sir. The other  
17 correction, sir, is on page 1: "Answer: The private  
18 secretary of the Finance Minister consulted with me  
19 and competent persons were picked." We understood him  
20 to say "prime minister" instead of "finance minister."

21 THE PRESIDENT: The reporters will take the  
22 answer from the document and not from what they heard  
23 Mr. Hauxhurst say.

24 MR. HAUXHURST: If the Tribunal please, on  
25 behalf of the prosecution we desire to introduce into

1 evidence for identification document No. 2117, which  
2 is the interrogation of HOSHINO taken before the United  
3 States Strategic Bombing Survey on November 19, 22, and  
4 28, 1945.

5 THE PRESIDENT: Admitted on the usual terms.

6 CLERK OF THE COURT: Prosecution's document  
7 No. 2117C and D will receive exhibit No. 454.

8 (Whereupon, prosecution's document No.  
9 2117 was marked prosecution's exhibit No. 454,  
10 and prosecution's documents Nos. 2117C and 2117D  
11 were marked prosecution's exhibit No. 454A and  
12 were received in evidence.)

13 MR. HAUXHURST: This document is offered for  
14 identification first in order that the excerpts which  
15 were approved by order of this Court may then be read  
16 into evidence. We are now prepared to do that but I  
17 understand there is an objection to be made.

18 MR. HOWARD: Mr. President, we object to the  
19 admission of these excerpts from the interrogation  
20 on the grounds that at the time these interrogations  
21 were made that Mr. HOSHINO was led to believe by the  
22 interrogators that the statements made by him would  
23 not be used against him. We object also on the ground  
24 that the interpreters that were used were incompetent  
25 and did not correctly interpret the answers as given

1 by Mr. HOSHINO and that when Mr. HOSHINO asked that they  
2 be corrected they said it was immaterial, that it would  
3 not be used anyway, so we respectfully ask that these  
4 excerpts be not read in evidence.

5 We now offer to put Mr. HOSHINO on the stand as a  
6 witness who will testify to the facts as set out by me.

7 THE PRESIDENT: Well, in an ordinary case,  
8 such a question of fact would be determined in what  
9 is called a voir dire, to use one of the old Norman-  
10 French expressions. However, in this case, the Tri-  
11 bunal may decide that they will hear what you have to  
12 say when you call your evidence in the ordinary course  
13 and that they will tentatively admit the evidence which  
14 you challenge. I shall have to consult my colleagues  
15 about that.

16 A majority of the Court seems to be of the  
17 opinion that any challenge to this interrogation should  
18 come when the defense are giving their evidence and  
19 then you can meet it with your evidence, if you so  
20 desire. You will be giving evidence in rebuttal. In  
21 the meantime, the evidence is admitted subject to  
22 challenge in that way at that time.

23 MR. HAUXHURST: I wish to point out, if the  
24 Tribunal please, that there is nothing on the document  
25 itself, that is, the complete document, to show any



1 such arrangement as is indicated by counsel.

2 THE PRESIDENT: The document is tendered as  
3 an exhibit and not for identification?

4 MR. HAUXHURST: Yes, but with the right to read  
5 the excerpts which were approved by the order of the  
6 Court.

7 These are excerpts from the interrogation of  
8 HOSHINO, Naoki, dated 19, 22, 28 November 1945.

9 (Reading)

10 "Q (on page 4) During the early period in  
11 Manchuria - roughly 1931 to 1936 there was no great  
12 change in Manchurian production, especially industrial  
13 production. What would you give as the main reasons  
14 for the lack of industrial development during those  
15 early years.

16 "A There might be a number of reasons for this;  
17 perhaps, the greatest one is that during that period  
18 a large amount of preparation was under way, so that  
19 there was no large amount of production.

20 "Q In what specific fields were these general  
21 preparations?

22 "A I don't have the exact figures at hand here,  
23 and cannot explore the minute reasons for all of this,  
24 but those preparations involved the setting-up of  
25 industries such as the Showa Steel Mills, and also



1 involved the location and prospecting of gold fields..  
2 Since Japan does not advance as fast as America along  
3 those lines, it took considerable time to play the  
4 foundation for industrial production.

5 "Q Was there a shortage of capital during this  
6 period for development work?

7 "A If you think of capital not only in terms of  
8 money but also in terms of necessary goods and materials,  
9 then surely we can attribute part of the difficulties  
10 to a lack of capital in Manchuria.

11 "Q Where did you look to for the necessary capital?

12 "A We looked first of all to Japan for capital,  
13 but there were not sufficient sources from which to  
14 draw in Japan itself, and so we looked to foreign  
15 countries for the necessary capital. When the Manchur-  
16 ian Industrial Development Corporation was established,  
17 we expected to get some capital from America, but due  
18 to various circumstances, that did not work out accord-  
19 ing to our plans and so we were forced to make out with  
20 what capital we could develop within Japan itself."

21 On page 5 --

22 THE PRESIDENT: This is a convenient break. We  
23 will recess now for fifteen minutes.

24 (Whereupon, at 1045, a recess was taken  
25 until 1100, after which the proceedings were  
resumed as follows:)

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DEPUTY MARSHAL OF THE COURT: The Tribunal is now resumed.

THE PRESIDENT: Mr. Hauxhurst.

MR. HAUXHURST: I think I read the first question of this 2117C. I will start at the beginning of it, if I may. No, it is on the fourth paragraph at the end of page 1, page 5 of the document.

(Reading:)

"Q In the early period - in the first period we are referring to before '37 - who invested the capital; where did it come from; was it local capital, or did it come from Japan?

"A It came practically all from Japan; during the period in question the investment from Manchuria was negligible.

"Q What sources in Japan supplied it?

"A As I said, while the capital did not flow from Manchuria in a great stream, there was some, of course, and this came from various sources - from various industrial associations, from connections with Zaibatsu, and from private capitalists and small investors - it was collected from quite a number of sources. In the early period, a great deal of this, of course, was invested through the South Manchuria Railway.

"Q Beginning 1937, you have a much sharper

1 growth in industrial production in Manchuria - what  
2 were the reasons for this greater expansion in output?

3 "A The first explanation for such an increase in  
4 production could be attributed to the fact that the  
5 various enterprises such as the Showa Steel Works, had  
6 been completed, the coal mines had become fully operable,  
7 and the period of production had arrived. At the same  
8 time, the plans for increased expansion had also been  
9 developed, so that from then on we can witness this  
10 sharp increase in production.

11 "Q To what extent was this development based on  
12 the bringing in of Aikawa with his industrial exper-  
13 ience and equipment?

14 "A For one thing, the Manchurian Government de-  
15 sired that a more realistic and positive attitude be  
16 taken toward the whole matter. That is, they wanted  
17 the Japanese capitalists to forget their suspicion and  
18 reluctance and really get some capital in and put  
19 things on a strong basis.

20 "Q Aikawa was a very special type of Japanese  
21 capitalist - why did they choose him?

22 "A I am coming to that - I have just started in  
23 with the first step. Then, the Manchurians took an  
24 attitude of welcoming help and the Japanese capitalists  
25 began to take more of a definite interest in Manchuria

1 and that led to an inflow of capital. Up to this time,  
2 the South Manchuria Railway had been to some extent  
3 carrying on various enterprises, but as the enter-  
4 prises grew, it became too much for the Railway Com-  
5 pany and a need was felt to push the whole development  
6 to a higher level. At the same time, Manchuria needed  
7 more than capital. Administrative ability was also  
8 needed. These reasons for the bringing in of Aikawa  
9 at that time. Another reason for calling Aikawa was  
10 the feeling that to develop these enterprises in Man-  
11 churia to the utmost, the thing should be put somewhat  
12 on an international basis so that financial aid could  
13 be brought in from outside Japan.

14 Page 6.

15 "Q Your first period of service in Manchuria  
16 ended in 1940. That was about the end of the first  
17 Five-Year plan in Manchuria. In what lines was that  
18 plan most successful?

19 "A Nothing went according to plan exactly and  
20 it is difficult for me to say that we many any great  
21 success. However, possible in the field of coal pro-  
22 duction and steel works, we made some relatively good  
23 progress. In the field of hydro-electric development,  
24 while we did not accomplish what we had outlined for  
25 the period, still dams were completed and the basis

1 laid for future development so that in that field also  
2 it might be said we achieved some success. And, I  
3 might as well say that as far as aircraft production or  
4 automobile manufacturing was concerned, we did not suc-  
5 ceed at all.\*

6 Page 7.

7 "Q How closely did you, when you were head of the  
8 'Manchoukuo' General Affairs Board, keep contact with  
9 the Kwantung Army?

10 "A I kept a very close connection with that Army.

11 "Q How often did you meet with the Commander of  
12 the Kwantung Army?

13 "A There were no regular meetings, although we  
14 did meet together often. I suppose I met the Commander  
15 of the Kwantung Army once or twice a month, but I met  
16 oftener than that with other officials.

17 "Q What was the normal range of subjects that you  
18 discussed with the Commander of the Kwantung Army?  
19 Were they strategic subjects or were they largely  
20 economic?

21 "A There were no discussions along strategic  
22 lines at all. We took up certain economic affairs and  
23 civil administrative affairs largely.

24 "Q What problems did you normally discuss?

25 "A We took up practically all types of economic



1 questions, particularly some of those involving devel-  
2 opment, i.e., the economic development of Manchuria.

3 "Q Did that include careful discussion of the  
4 progress of such a thing as the Five Year Plan?

5 "A Yes, of course.

6 "Q What did you think, in the period when you  
7 were there in 1932-1940, were the major obstacles to  
8 economic development - what were the limitations?

9 "A One of the biggest reasons for the lack of  
10 development possibly was the lack of good equipment.

11 "Q Which is machinery and machine tools?

12 "A Yes.

13 "Q Can Mr. Hoshino give us a statement in his  
14 own words, as to what his conception is as to what  
15 Japan went into Manchuria for and what it expected to  
16 get out of it?

17 "A Well, in a word, I would say that after Japan  
18 occupied the country, then our policy was to try to  
19 build it up, first as a source of raw materials for  
20 our industries and second, as a place for our expanding  
21 population to go to.

22 "Q How successful does he feel the taking of  
23 Manchuria was for securing a source of raw materials  
24 up to the outbreak of the war?

25 "A Well, I can say I think it was a profitable

1 thing as far as raw materials are concerned; but, it  
2 is rather difficult to answer your question.

3 "Q Well take iron ore specifically?

4 "A Even the Manchurian iron ore was not enough to  
5 satisfy Japan's industrial needs. Perhaps, she could  
6 provide up to one-third, however.

7 "Q That is, assuming they fulfilled their plans,  
8 they would still not get more than one-third of what  
9 they had planned as a national requirement for iron ore?  
10 Is that what you mean?

11 "A Again, I say it is a little bit difficult to  
12 be accurate on that. However, I do feel that even had  
13 our plans succeeded, at best we could not have looked  
14 for more than one-third of our requirements from that  
15 source.

16 "Q How about coal?

17 "A As far as coal is concerned, we could probably  
18 get all we wanted. In getting coal from Manchuria, the  
19 question of whether it would be most advantageous, is  
20 another question.

21 "Q How about food?

22 "A If our plans were carried out we could get  
23 ample food supplies from that source.

24 "Q Enough to take care of Japan's import needs?

25 "A I think probably we could have.

1        "Q    Are there any raw materials which they felt  
2        they needed which they discovered they could not get  
3        in sufficient quantities in Manchuria except iron ore?  
4        Any they felt were essential to their national develop-  
5        ment?

6        "A    There are many, first of all, there is oil and  
7        aluminum.

8        "Q    Didn't they have shale in Manchuria which could  
9        produce both oil and aluminum?

10       "A    There are deposits of shale and aluminum pro-  
11       ducing shale which if exploited, might supply our needs.  
12       Of course, it would be possible to produce synthetic oil  
13       from the coal, but development of its sources would de-  
14       pend upon a great outlay of effort and expense and could  
15       not be realized immediately.

16       "Q    Why did they decide not to make that outlay?

17       "A    Well, they did develop them somewhat but that  
18       did not fit the needs. I think at the very last they  
19       did produce something like 100,000 tons of shale oil  
20       but the plan called for 500,000. It was a very diffi-  
21       cult proposition. And, as far as synthetic fuel is  
22       concerned, probably altogether they did not produce  
23       more than 100,000 tons. In another 10 or 20 years,  
24       they might be developed into something, but at the  
25       present state it is negligible."

1           Page 9.

2           "Q   You say that one of the reasons Japan wanted  
3   to take over Manchuria was to get raw materials to use  
4   in her own industries.

5           "A   Yes, that is right.

6           "Q   However, instead of that, Manchuria proceeded  
7   to set up an industry to process the raw materials on  
8   the spot - the raw materials were not sent back to  
9   Japan were they?

10          "A   Perhaps I used Japan in a rather limited sense  
11   a while ago, and instead, I should have said within the  
12   Japanese sphere because I was thinking of Japan and  
13   Manchuria together.

14          "Q   Although you had an economy where you had to  
15   bring in large quantities of raw materials into Japan  
16   and you had processing facilities there, you chose to  
17   build up new processing facilities on the continent?  
18   Why was that?

19          "A   As I said before, our purpose was to develop  
20   the whole Japanese sphere. Therefore, we were not lim-  
21   iting our development to Japan proper. From that stand-  
22   point, it was advantageous to us to develop industry  
23   where it could make the best use of local raw materials,  
24   and for that reason, these industries were developed  
25   near the source of the raw materials in Manchuria.

1        "Q    Actually, although the plan for food produc-  
2        tion would have taken care of Japan's needs, Japan in  
3        fact continued to import food from other areas, did it  
4        not, prior to Pearl Harbor?

5        "A    Yes, there was considerable of that.

6        "Q    Well, if the purpose in taking Manchuria was  
7        to make Japan independent, then it was a failure as far  
8        as food was concerned.

9        "A    Under ordinary circumstances and conditions,  
10       Japan with Korea and Manchuria, should have been able,  
11       by helping each other, to produce all their own re-  
12       quired foods. However, crops do not always come up to  
13       expectations and for that reason it becomes necessary  
14       to import foods. Crops fluctuate a great deal - for  
15       instance, I recall in 1934 that Manchuria produced so  
16       many soy beans she did not know what to do with them.  
17       In fact, they even gave study to the use of soy beans  
18       instead of coal for firing locomotives. At that time,  
19       there was also some thought of imposing a customs  
20       duty on the importing of soy beans into Japan and  
21       this became quite a problem to Manchuria."

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1                   Page 10:

2                   "Q Now you said that one of the reasons Japan  
3 went into Manchuria was to secure additional living  
4 space for its people. To what extent did the acquisi-  
5 tion of Manchuria accomplish what had been hoped in  
6 that respect?

7                   "A I cannot say that any great help has come so  
8 far. In fact, just a beginning has been made.

9                   "Q But, as of 1941 it had not accomplished what  
10 Japan had hoped and expected?

11                  "A No, it had not proceeded as well as we had  
12 hoped.

13                  "Colonel Cole:

14                  "Q We have heard two reasons for going into Man-  
15 churia. I would like to inquire if there were not  
16 one or two other reasons -- perhaps the Army?

17                  "A I do not know that the military had any other  
18 great reason beyond those mentioned.

19                  "Q Well, the Army was very strong at that time in  
20 Japan, politically. It was able to implement its  
21 wishes. Why did the Army wish to go into Manchuria?

22                  "A Well, it would seem to me, as near as I can  
23 analyze it, that their purposes were largely the two  
24 that I have mentioned.  
25

1 "Mr. Bisson:

2 "Q You mean there were no strategic objectives  
3 in going into Manchuria?

4 "A "ouldn't these things themselves be considered  
5 somewhat as having strategic significance? Outside of  
6 that, I do not know of any other specific objectives."

7 Page 11:

8 "Q Did that mean the Kwantung Army gave them more  
9 control over their investments in Manchuria?

10 "A What I meant by 'safe' was from an economic  
11 standpoint; i.e., they realized it would be profitable.  
12 It was no longer a risk.

13 "Q Yes, but was there a modification of the ex-  
14 clusive control by the Kwantung Army of Manchurian  
15 development?

16 "A Yes, they somewhat relaxed their controls --  
17 eased up on them.

18 "Lt. (JG) Cohen:

19 "Q When he speaks of 'Manchuria wanting things'  
20 and 'Manchuria's so-and-so' you mean, of course, the  
21 Kwantung Army?

22 "A When I said the Manchurians, I meant the Man-  
23 churian government. Of course, there is a very close  
24 connection between the Kwantung Army and the Manchurian  
25 Government and usually it represented pretty much the

1 opinion of the army.

2 "Mr. Bisson:

3 "Q You were Chief of the Planning Board from  
4 July 1940 to April 1941. In your administration of  
5 the Planning Board during that period, what were the  
6 major tasks -- major activities -- as you see them now?

7 "A At that time, perhaps, the outstanding problem  
8 was that of a planned economy for Japan.

9 "Q In these mobilization plans that the Planning  
10 Board drew up, our understanding is that they scheduled  
11 Manchurian production to fit in with Japanese production.  
12 Is that correct?

13 "A Plans were drawn up for Japan itself, of  
14 course, but since there was such a close connection  
15 between the two countries, the plans usually took in  
16 the whole sphere.

17 "Q Could the Planning Board here change the pro-  
18 gram adopted in Manchuria?

19 "A Rather than any idea of a limitation of  
20 authority, the plan was to work jointly so that in  
21 planning for our needs, we made allotments from Man-  
22 churia and, on the other hand, Manchuria planned for  
23 the importing of Japanese equipment and thus it was  
24 necessary always for us to make the plans together, so  
25 there was not any modification of each other's plans.

1 "Q Who was the final authority who decided how  
2 much of each item? Suppose Japan wanted more pig iron  
3 than Manchuria wanted to send -- how would that conflict  
4 be worked out?

5 "A Such problems as that were decided in a  
6 Japanese-Manchurian Economic Association, made up of  
7 leaders in Manchuria and responsible authorities from  
8 Japan.

9 "Q Who would be the leaders in Manchuria?

10 "A The Minister of Finance and the Minister of  
11 Commerce and Industry and such men.

12 "Q And, on the Japanese side?

13 "A The Counselor to the Japanese Embassy and the  
14 head of the Manchurian Affairs Bureau."

15 Page 13:

16 "Q In the late autumn of 1941, or toward the end  
17 of the year, would you say to what extent economic  
18 preparations were adequate for the strategic plan that  
19 Japan envisaged at that time.

20 "A This is a very difficult problem. You cer-  
21 tainly was not in a very favorable position economically.  
22 Certainly there were plenty of difficulties.

23 "Q Let's make it specific -- on the oil problem --  
24 how much did you calculate you had in reserve to cover  
25 needs?



1           "A The Navy, of course, had secret reserves, and  
2 probably the military did as well, but we of the Cabi-  
3 net Planning Board did not know how much, except that  
4 they ultimately felt that there was a supply ample enough  
5 to take care of their needs until they could obtain oil  
6 from other areas. There were evidently ample prospects  
7 at that time, as far as oil was concerned.  
8

9           "Q Were there any other items whic were given  
10 special consideration in lieu of this strong possibi-  
11 lity of being cut off?

12           "A Well, we were worried considerably over the  
13 lack of aluminum and also of iron ore.

14           "Q The question of oil was discussed with the  
15 Army and the Navy, and although they did not state how  
16 much they had on hand, they did state that they were  
17 not worried and that they would be able to take over  
18 new sources of oil before they ran out of what they  
19 had?

20           "A I must have misunderstood, or else you mis-  
21 understood me. In regard to one of the first questions  
22 you asked me as to the shortages or problems in our  
23 economics, I mentioned the fact that oil was the big  
24 problem and we were having to do something to prepare  
25 against being cut off from outside sources. At that  
time our own production of oil was a mere 300,000 tons



1 while our needs were two million tons, and that was some-  
2 thing that gave us great concern, and figured large in  
3 the work of the Planning Board. Now, this oil question  
4 came up from another standpoint and was not in connec-  
5 tion with my work as Chairman of the Planning Board.  
6 You asked me my opinion as to whether or not the Japan-  
7 ese military thought they had sufficient supplies of  
8 oil for the war they might be planning in the fall of  
9 1941, and I told you that it seemed to be the under-  
10 standing that they had ample supplies to last them until  
11 they could get their hands on the oil in the south.  
12 This had no connection whatsoever with my Planning Board."

13 Page 16:

14 "Q What were the specific difficulties that  
15 developed in Manchuria which may have prevented Aikawa  
16 from accomplishing his objective?

17 "A As I have mentioned a number of times, Aikawa's  
18 mission in Manchuria was connected with a plan to bring  
19 in capital and all his ideas were centered around a  
20 long period of development. However, at about this  
21 time, the China-Japanese incident occurred, and it  
22 became more and more evident that the situation would  
23 not permit of a long-period development but would have  
24 to be speeded up. Aikawa could not see his way clear,  
25 apparently, to try to make such a change in the program;

1 he did not think it was possible to speed it up as was  
2 demanded, and since it was evident that tasks more close  
3 at hand would have to be taken up first rather than the  
4 development of this long-term program, he felt he was  
5 not the man for the job and dropped out.

6 Page 17:

7 "Q Was there opposition to Aikawa because he was  
8 a Zaibatsu?

9 "A I don't think there was.

10 "Q Aikawa was friendly to the Kwantung Army --  
11 presumably his relation with you were also good -- and  
12 still there was considerable difficulty in putting his  
13 program into effect?

14 "A The opposition of Aikawa could probably be  
15 divided into two periods -- in the early period the  
16 opposition was mainly on the part of those who felt  
17 that international capital should not be brought into  
18 Manchuria. In the second place, when the capital did  
19 not come, then they began to criticize him severely.  
20 This opposition arose on the part of the South Man-  
21 churia Railway, since the plan was that much of their  
22 work would pass into hands of the Manchurian Industrial  
23 Development Co. Then, in the latter part of the period,  
24 the opposition arose in the middle ranks of officialdom.

25 "Q Was that purely the civil officials or was it

1 also the Kwantung Army officials?

2 "A These middle-rank officials, mostly civilian  
3 although possibly some in the Kwantung Army, opposed  
4 the giving of a free hand -- they felt direct control  
5 would be more efficient.

6 "Lt. Dorr:

7 "Q I wonder whether you could tell us very briefly  
8 and generally what your relationship was with Tojo when  
9 you were both in Manchuria?

10 "A I went to Manchuria in 1932, and at first was  
11 Vice-Minister of the Financial Dept. At that time,  
12 Tojo was Commander of the Kwantung Army's military  
13 police. He was located in Hsinking where I was, and I  
14 first met him there. However, we had practically no  
15 official contacts. Later, in 1936, I was made Chief  
16 of the General Affairs Board, and the next year, 1937,  
17 Tojo was made Chief of Staff of the Kwantung Army. In  
18 that capacity, we did have a number of contacts and did  
19 work together."

20 Page 23:

21 "Q Was China thought of primarily as a potential  
22 market for Japan's manufactured goods or primarily as  
23 a source of raw materials?

24 "A Both.

25 "Q And, what would prevent Japan from buying and

1 selling in China, even though she did not have her army  
2 there?

3 "A At that time, a virtual state of hostility  
4 existed between the two countries and with the situation  
5 as it was, Japan was loath to withdraw from China uncon-  
6 ditionally.

7 "Q If everything had gone better than you expected  
8 in taking of the N.E.I. and Malaya and the Philippines,  
9 why wasn't your consumption of military products less  
10 rather than you had figured it would be?

11 "A We did get along very nicely at first and our  
12 plans worked out famously but particularly after the  
13 battle of Guadalcanal the interference with our holding  
14 of these newly captured resources to Japan was inter-  
15 fered with by submarines and other means, and that is  
16 one reason why our plans did not develop as nicely as  
17 we had expected. There is another reason and that was  
18 this: The battles of Guadalcanal and other battles at  
19 that time consumed a great deal more in the line of  
20 ammunition and ships, etc., than we had planned.

21 "Q Was the expenditure of military products in  
22 the early campaigns, during which they captured the  
23 Philippines, Malay and the N.E.I., greater or less than  
24 anticipated?

25 "A The only thing that exceeded our expectations



1 was the importation of raw materials from newly-acquired  
2 territory -- otherwise, there was no improvement in the  
3 war situation over what we had planned.

4 Page 31:

5 "Q Was any consideration given to increasing  
6 imports of Manchurian aluminous shale with the thought  
7 that bauxite imports might be cut off at some time in  
8 the future?

9 "A We were planning on using Manchurian supplies  
10 in Manchuria rather than bringing them over to Japan.  
11 We did have a plan to bring in this ore from probably  
12 Choten, which is in Shantu.

13 "Q The expected shortage of bauxite did develop  
14 after the fall of Kwajalein?

15 "A The first plan we laid was to speed up our  
16 imports of bauxite from all possible places in the  
17 South Pacific to get ahead in supplies and the second  
18 plan was to make use of supplies of shale in North China.  
19 And, the third plan was to make use of certain low-  
20 quantity aluminous shale available in Japan proper.

21 "Q Was the Cabinet advised by the Japanese alu-  
22 minum industry that the North China shale could be  
23 processed by them?

24 "A I think the opinion was in general that it  
25 could be used.



1        "Q That is not quite responsive -- was there some  
2 official consideration of the matter and an affirmative  
3 decision that it would be possible to operate on that  
4 basis?

5        "A Yes, there was such a decision.  
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"Q What consideration was given to further development of Manchurian shale oil?

"A Previously, a study had been given to this, and while it could not be speeded up overnight, still an increased production was planned through the giving of high priorities to supplies for these developments.

"Q Was the priority given to supplies for Manchurian shale oil changed during the war?

A This was high on the priority list even before the war but it was further increased at this time.

"XXX

"Q During 1944, about 40% of Manchurian-produced pig iron and steel went into the building of new plants and commercial and civilian uses in Manchuria at a time when the Japanese war industries had already been forced to cut down on the production of guns and ammunition. What efforts were made to secure for Japan proper a larger share of Manchurian iron and steel?

"A I don't know about this 40% of which you speak. The use of Manchurian production was generally determined through talks between the two countries and most of Manchurian production would go into the war effort, so I wonder if this 40% to civilian

1 production was not used indirectly also in the war  
2 effort so that actually what went into Manchuria was  
3 negligible.

4 "Q Is it your opinion that that is a fact?

5 "A I think that is the situation.

6 "Q So far as you knew, the Manchurian economy  
7 was completely integrated with the Japanese war econ-  
8 omy and the distribution of scarce materials was con-  
9 trolled completely from Japan?

10 "A As the war developed, the integration between  
11 Japanese and Manchurian economies became more and more  
12 definite, but I would not say that decisions were  
13 made arbitrarily in Japan, for these decisions were  
14 always reached in conversations between the two coun-  
15 tries, but as Japan became more and more pressed, Man-  
16 churia would make a greater effort to bear a greater  
17 share of war demands.

18 "Q Did any differences of opinion arise as to  
19 the use of Manchurian resources?

20 "A Yes, there were discussions on this matter,  
21 particularly within Japan.

22 "Q Where a difference of opinion could not be  
23 settled by discussion, who had the final word?

24 "A As I explained the other day, such differ-  
25 ences of opinion were settled by the Joint Japanese-

1 Manchurian Economic Conference.

2 "Q How many votes did each of the parties on  
3 the Committee have?

4 "A Four each.

5 "Q Were there never times when the vote was  
6 50-50?

7 "A No, there was not.

8 "Q Was the vote always unanimous?

9 "A Generally, the discussions were carried to  
10 the point where the final agreement was unanimous.

11 "Q In other words, there were no issues which  
12 arose over the use of Manchurian resources in the war  
13 effort which could not be settled by complete agree-  
14 ment of all parties?

15 "A That is right as far as these deliberations  
16 went.

17 "Q What does the qualification mean?

18 "A Well, there were, of course, many discussions  
19 which led up to these final decisions.

20 "Q And, you were always satisfied that Japan  
21 was getting everything out of Manchuria which could be  
22 got?

23 "A Yes, I was satisfied. I think that Man-  
24 churia rendered full help. Of course, Japan was  
25 actually in the fighting but Manchuria did what she

1       could from her standpoint.

2               "Q   And, the Manchurian civilian economy was  
3       cut down as much as the Japanese?

4               "A   Manchuria probably was not cut down as much  
5       as Japan but inasmuch as she was not directly engaged  
6       in the fighting, perhaps the extent in which she en-  
7       gaged was all that could be expected. But, it is true,  
8       that either directly or indirectly, Manchuria, too,  
9       suffered considerably cut-down in her economy.

10              "Q   But, she was not expected to make the same  
11       kind of contribution as Japan proper made?

12              "A   Yes, that is right.

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"Page 21

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"Q. My question is -- did you believe that if a war came with the United States, you could win such a war?

"A. Rather than the thought of whether we would win or not, the big thing was that we would try to settle the issues with America and there was considerable feeling that the thing could be settled. Of course, I suppose we thought if we did go to war we could probably win."

THE MONITOR: Just a minute, please, Mr. Hauxhurst.

Would the reporter please read the last question and answer read?

(Whereupon, the last question and answer were read by the official court reporter.)

MR. HAUXHURST: (Reading)

"Q. Did you have any exact plan as to how you expected to win?"

THE MONITOR: Mr. Hauxhurst, the Japanese translation given to us does not contain these questions and answers, so it will have to be interpreted by relay.

MR. HAUXHURST: I am sorry. I was sure

1 I had it prepared.

2 I have finished the question, have I?

3 THE MONITOR: Yes.

4 MR. HAUXHURST: The answer: "Of course,  
5 about those specific things, you would have to talk  
6 with the War and Navy Ministers because I was not in  
7 on the details or plans they had."

8 THE MONITOR: Now you may proceed, Mr.  
9 Hauxhurst. We have a Japanese translation now.

10 MR. HAUXHURST: (Reading) "However, from  
11 my own viewpoint and perhaps others, I felt that in  
12 the early stages of the war, Japan would be able to  
13 occupy a great deal of the Far East and with the  
14 materials such as oil and other things which we would  
15 thus acquire, it was felt we would be able to carry  
16 the war on for a long time and hold on to the count-  
17 ries we had occupied. There was never any thought  
18 of gaining a decisive victory over America, i.e.,  
19 of landing on the American continent and bringing  
20 America to her knees -- we felt that America, for her  
21 part, would be unable to subdue the Far East and that  
22 eventually we would work out some sort of an under-  
23 standing in a sort of negotiated peace.

24 "Q Would you have felt that such a termination would  
25 be possible had you known that Germany would be de-

1        feated by Russia and the rest of the Allies? "

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1           At this time the prosecution desires to intro-  
2       duce in evidence its document No. 705 which contains  
3       the Imperial Ordinance No. 758, Regulations Govern-  
4       ing the Organization of the China Affairs Board.

5           THE PRESIDENT: Admitted on the usual terms.

6           CLERK OF THE COURT: Prosecution's document  
7       No. 705 will receive exhibit No. 455.

8                       (Whereupon, prosecution's exhibit  
9       No. 455 was received in evidence.)

10          MR. HAUXHURST: The certificate, if the  
11       Tribunal please, shows that this ordinance was prom-  
12       ulgated on 16 December, 1938, and that is true also  
13       of the "Regulations Governing the Organization of the  
14       China Affairs Board."

15          I would like to read Article 1, paragraphs  
16       1, 2, 3, 4 and 5. (Reading):

17               "Article 1. During the course of the China  
18       Incident, the China Affairs Board, is established un-  
19       der the supervision of the Prime Minister, and has  
20       charge of the following affairs, except those con-  
21       cerning diplomacy.

22               . "1. Affairs concerning politics, economy  
23       and culture which are necessary to be dealt with in  
24       China during the course of the China Incident.

25               "2. Affairs concerning the formulation of

1 various policies relative to the affairs mentioned  
2 in the preceding item.

3 "3. Affairs concerning the supervision of  
4 the business of the companies, which have been  
5 established with the object of starting an enter-  
6 prise in China, in accordance with provision of  
7 special Laws, and the control of the business of  
8 those who are to start an enterprise in China.

9 "4. Affairs concerning the cultural  
10 enterprise in China.

11 "5. Affairs concerning the maintenance of  
12 the coordination of the administrative affairs rel-  
13 ative to China, to be conducted by governmental  
14 offices."  
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1 In connection with Article 2, I do not pro-  
2 pose to read it, but I would call your attention to  
3 the various officers and the requirements as to rank.  
4 And, by referring back to the first document that I  
5 put into evidence this morning, the Manchurian Af-  
6 fairs Board, I notice that "c-h-o-u-k-i-n," rank is  
7 interpreted in that particular document as "by  
8 Imperial appointment" so that each of those names  
9 means either "by Imperial appointment" or "junior  
10 official" or something like that.

11 (Reading) "Article 3. The Cabinet may,  
12 in addition to the personnel mentioned in preceding  
13 Article, appoint the administrative official upon  
14 the recommendation of the Prime Minister from among  
15 higher officials of the Ministries concerned."

16 And then to Article 6: "The Prime Minister  
17 shall be appointed to the President. He shall pre-  
18 side over the affairs of the Board, and manage the  
19 personal affairs of Hannin and lower ranks at his own  
20 discretion.

21 "Article 7. The Minister for Foreign Affairs,  
22 Minister of Finance, Minister of War and Minister of  
23 the Navy shall be appointed to the Vice-President and  
24 they shall assist the President."

25 As the next part of the evidence of the

1 prosecution's case, I would like to call the Court's  
2 attention to Court exhibit No. 90, which is prosecu-  
3 tion document No. 213 and is the "Imperial Ordinance  
4 No. 707," dated "1 November, 1942" concerning the  
5 establishment and organization of the Greater East  
6 Asia Ministry.

7 It is my understanding that this document  
8 was not read into evidence but was presented as a  
9 basic document. I have two quotations that I would  
10 like to read from that document, exhibit 90:

11 "Organization of the Greater East Asia Ministry.

12 "Article I.

13 "The Minister of Greater East Asiatic Af-  
14 fairs shall administer the execution of various politi-  
15 cal affairs (excepting purely diplomatic affairs) con-  
16 cerning Greater East Asia (herein and hereafter defined  
17 as excluding Japan Proper, Korea, Formosa and Saghalien),  
18 affairs concerning the protection of the commercial in-  
19 terests of Japan in the countries within the afore-  
20 said sphere, affairs concerning Japanese subjects re-  
21 siding in that sphere and affairs concerning emigration,  
22 colonization and cultural works in that sphere.

23 "The Minister of Greater East Asiatic Af-  
24 fairs shall superintend affairs concerning the KWANTUNG  
25 Bureau and of the South Seas Government Office.

1 "The Minister of Greater East Asiatic Af-  
2 fairs shall direct and supervise diplomatic and  
3 consular officials stationed in Greater East Asia in  
4 respect of the affairs specified in the first  
5 Paragraph.

6 "Article II.

7 "There shall be instituted the following  
8 four Bureaus in the Minister of Greater East Asiatic  
9 Affairs:

10 "The General Affairs Bureau

11 "The Manchurian Affairs Bureau

12 "The Chinese Affairs Bureau

13 "The Southern Area Affairs Bureau.

14 "Article IV.

15 "The Manchurian Affairs Bureau shall take  
16 charge of the following affairs:

17 "1. Matters concerning the KWANTUNG Office.

18 "2. Foreign affairs concerning Manchoukuo.

19 "3. Matters concerning the supervision of  
20 of the businesses of the juridical persons establish-  
21 ed in accordance with special laws and ordinances for  
22 the purpose of conducting enterprises in Manchoukuo.

23 "4. Matters concerning emigrants, settlers  
24 and colonization enterprises in Manchuria.

25 "5. Matters concerning cultural works for

1 Manchoukuo.

2 "6. Other matters concerning K'ANTUNG and  
3 Manchoukuo.

4 "Article V.

5 "The Chinese Affairs Bureau shall take charge  
6 of the following affairs:

7 "1. Matters concerning foreign affairs with  
8 reference to China.

9 "2. Matters concerning the supervision of  
10 the businesses of the juridical persons established  
11 in accordance with special laws and ordinances for  
12 the purpose of conducting enterprises in China.

13 "3. Matters concerning cultural works for  
14 China.

15 "4. Other matters concerning China."  
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1                   And then Article XIX. I shall quote:

2                   "To extend cooperation to the Army and the  
3 Navy, the Ministry of Greater East Asiatic Affairs  
4 shall conduct affairs concerning administration of  
5 the occupied areas within the Greater East Asia area."

6                   THE PRESIDENT: We will recess now until  
7 half-past one.

8                   (Whereupon, at 1200, a recess was  
9 taken.)

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## AFTERNOON SESSION

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The Tribunal met, pursuant to recess, at  
1330.

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MARSHAL OF THE COURT: The International  
Military Tribunal for the Far East is now resumed.

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THE PRESIDENT: Mr. Hauxhurst.

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MR. HAUXHURST: If the Tribunal please,  
the prosecution now desires to present for evidence  
document No. 1201. This document contains excerpts  
from "Official Announcements Concerning Foreign  
Relations Board of Information," Seventeenth Year of  
Showa (1942).

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THE PRESIDENT: Admitted as before.

CLERK OF THE COURT: Prosecution's document  
No. 1201, a book entitled "Official Announcements  
Concerning Foreign Relations, 1942," will receive  
exhibit No. 456 and the excerpt therefrom, exhibit  
No. 456-A.

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(Whereupon, prosecution's exhibits  
No. 456 and No. 456-A were received in evidence.)

MR. HAUXHURST: I shall not at this time  
read Chapter 21. I will also omit reading Chapter  
26, which is a summary of the preceding exhibit. I  
would like now to read from Chapter 32:

"Statement of the Minister of Greater

1 "East Asiatic Affairs - November 1, 1942

2 "I am profoundly moved by my unexpected  
3 assignment to the heavy responsibilities of the  
4 Minister of Greater East Asiatic Affairs with the  
5 establishment of the Ministry today.

6 "The main purpose of the establishment of  
7 the Ministry of Greater East Asiatic Affairs is as  
8 previously announced by the Government. The present  
9 War of Greater East Asia means construction itself  
10 and the construction of Greater East Asia is one  
11 and inseparable with the prosecution of the war.  
12 This war of construction is aimed at establishing a  
13 new order based upon morality and righteousness, by  
14 realizing on the basis of the fundamental principle  
15 which guided the founding of our Empire, the great  
16 principle of Hakko Ichiu, throughout Greater East  
17 Asia so as to enable all countries and peoples in  
18 the Greater East Asia sphere to have each its proper  
19 place with Japan serving as the pivot. However, in  
20 order to realize this ideal it is absolutely imperative  
21 to perfect a system and structure necessary for win-  
22 ning out the current war, and therefore the speedy  
23 strengthening and replenishment of our nation's  
24 power to prosecute the war must be said to be of  
25 the utmost urgency of the moment. For this reason

1 the Government must, in carrying out the plan of  
2 constructing Greater East Asia and other govern-  
3 mental affairs, cooperate increasingly closely with  
4 the High Command and at the same time assure a very  
5 speedy and precise management of affairs under a  
6 unified and comprehensive structure.

7 "The Ministry of Greater East Asiatic  
8 Affairs has been established to meet this urgent  
9 requirement and I keenly feel the great mission  
10 and heavy responsibility of the Ministry. I am  
11 determined to do all in my power in serving the  
12 State in order to discharge my duties.

13 "Under the August Virtue of His Imperial  
14 Majesty brilliant victories have been won by the  
15 superb stratagem and the courageous efforts of the  
16 officers and men of the Imperial forces in the  
17 current War of Greater East Asia and our invincible  
18 position has already been established on a secure  
19 basis. However, the task of successfully prosecuting  
20 this war and of constructing the Greater East Asian  
21 Co-Prosperity Sphere is a colossal undertaking which  
22 has no precedent in history. For this purpose it is  
23 necessary for us externally to tighten our bonds  
24 with our allied and friendly Powers and internally  
25 further to solidify the unity of the one hundred

1 millions of our people, giving full play to our  
2 total power in our respective occupations with a  
3 persevering and indomitable spirit. From this  
4 standpoint, I intend to render still closer and  
5 stronger, in conformity with the stipulations of  
6 treaties, our nation's cooperation with these  
7 countries in the sphere of co-prosperity such as  
8 Manchoukue, the Republic of China, Thailand and  
9 French Indo-China, which have special relations with  
10 Japan. At the same time, it is my fervent hope that  
11 these countries also, understanding the real meaning  
12 of the present war, will extend further their coop-  
13 eration for the realization of the ideal of estab-  
14 lishing the new order of Greater East Asia."

15 At this time, if the Tribunal please, I  
16 would like to call as a witness Chen Ta Shou. The  
17 witness is a Chinese who speaks and understands  
18 English.

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CHEN

DIRECT

1 C H E N, T A - S H O U, called as a witness on  
2 behalf of the prosecution, being first duly  
3 sworn, testified as follows:

4 MR. HAUXHURST: (To Marshal of the Court)  
5 Would you explain, please, to him about the use of  
6 the microphone and the earphones?

7 DIRECT EXAMINATION

8 BY MR. HAUXHURST:

9 Q Mr. Chen, what is your full name, give your  
10 permanent address and where you are now residing in  
11 Tokyo?

12 A My name is Chen, Ta-Shou; my permanent  
13 residence is in Peking now. At present I reside at  
14 the Chinese Mission in Tokyo.

15 Q Will you briefly outline your education and  
16 training?

17 A I finished my technical education in 1915  
18 in Peiyang University at Tientsin. I obtained the  
19 degree of Bachelor of Science. After then I worked  
20 as a student engineer and engineer assistant in the  
21 Nan Yang Iron and Steel Works and the Yangtze Iron  
22 and Steel Works. In 1920 I went to America, took  
23 post-graduate work in the University of California.  
24 I obtained the degree of Master of Science in  
25 Metallurgy in 1921. After then I took further



CHEN

DIRECT

1 study in coal mining and coal preparation and  
2 coking at the University of Illinois. In the  
3 autumn of 1922 I returned to China. I worked as the  
4 mining engineer and mine manager of the Mantoushan  
5 Coal Mine in Anhwei Province. From 1928 to 1930 I  
6 worked as the mining engineer of the Construction  
7 Commission of Chekiang Province. From 1931 to 1938  
8 I worked in the National Construction Commission of  
9 the National Government of China as mining engineer,  
10 Chief of the Mining Section, Director of the Hunan  
11 Coal Mine, and Director of the Enterprise Department,  
12 successively. During my service I was sent to Europe  
13 in 1933 to study mining and metallurgical conditions  
14 in Europe. During my visit I studied the coal mines  
15 and iron-steel works in France, Belgium, British Isles  
16 and Germany. In the summer of 1938 I joined National  
17 Resources Commission of the National Government of  
18 China. I was appointed as the Director of the Ping-  
19 kwei Mining Administration of Kwangsi Province. In  
20 1940 I was appointed by the National Resources Commis-  
21 sion of the National Government as the Vice-President  
22 and the Chief Engineer of the Yunnan Consolidated Tin  
23 Corporation. In February of this year I was sent by  
24 the National Resources Commission of the National  
25 Government to Peiping to investigate the iron and

CHEN

DIRECT

1 steel works in North China. In March of this year  
2 I was appointed as Executive Director of the Prepar-  
3 atory Committee of the North China Iron and Steel  
4 Corporation.

5 Q Mr. Chen, for what purposes was the North  
6 China Iron and Steel Corporation formed and what is  
7 its business?

8 A The North China Iron and Steel Corporation  
9 is a corporation -- Chinese corporation -- organized  
10 to take over the Japanese-operated iron and steel  
11 works and iron mines in North China.

12 Q From your own knowledge, will you state  
13 where the subsidiary companies are located and de-  
14 scribe them briefly?

15 A Well, this company -- this corporation has  
16 iron and steel works that smelt pig iron. These  
17 companies are: North China Iron Manufacturing Company,  
18 Tsingtao Iron Manufacturing Company, Tientsin Iron  
19 Manufacturing Company, Tientsin Steel Company, Its  
20 Steel Company at Tientsin, Tangshan Steel Company at  
21 Tangshan and it has also three coal mining -- iron ore  
22 mining companies. The iron ore mining companies are  
23 the Lungyen Iron Ore Mining Company, the Chinling Cheng  
24 Iron Ore Mining Company, and the North China Mining  
25 Company. For iron smelting the North China Iron

CHEN

DIRECT

1 Manufacturing Company has eleven 20-ton blast  
2 furnaces, one 200-ton blast furnace, one 380-ton  
3 blast furnace, and one 600-ton blast furnace under  
4 construction. The Tientsin Iron Manufacturing  
5 Company has five subsidiary blast furnaces, each of  
6 twenty tons. The Tsingtao Iron Manufacturing Company  
7 has two blast furnaces, each of 250 tons. The  
8 Tientsin Steel Company has one 25-ton open-hearth  
9 furnace and two rolling mills, small rolling mills.  
10 The Ito Steel Company in Tientsin has two rolling  
11 mills, small size rolling mills. The Tientsin Ito  
12 Steel Company has two small rolling mills and the  
13 Tsun Shan Steel Metallurgy Company has two 8-ton  
14 electric furnaces and two small rolling mills. The  
15 Lungyen iron mine has ten 20-ton blast furnaces at  
16 Hwuanwha and two iron mines, one at Yen-tung-Shang  
17 and another at Lung-Chia-Pao. The Chingling Cheng  
18 Iron Ore Mining Company has iron mines at Chingling  
19 Cheng near to the Kuang-hsi Railroad. The North  
20 China Mining Company has iron mines at Lan-hsien in  
21 Hopeh Province, iron mines in Honan Province and a  
22 coal mine in Shantung Province.

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1 Q Mr. Chen, from your personal inspection and  
2 investigation will you state what you found as to the  
3 conditions of the plants when they were taken over by  
4 this corporation after the surrender?

5 A Well, the blast furnaces are of no use for  
6 temporary, but big furnaces, one hundred tons in  
7 capacity, are either frozen solid without tapping out  
8 the molds or materials during time of surrender or  
9 under repairing or under construction. The small  
10 furnaces of twenty tons capacity serve only for the  
11 war purpose, of no use whatsoever now. Furthermore,  
12 the two 250-ton furnaces at Tsingtao use only wooden-  
13 head frames for the blast furnaces, and they have only  
14 four hot blast stoves for two furnaces.

15 Q Did your company come into possession of the  
16 books and records of the Japanese operations from the  
17 time of the occupation up to the surrender of these  
18 various companies that you have named?

19 A I not only examined all the books and records;  
20 I personally visited a number of the iron -- steel  
21 works.

22 Q Will you state what these records disclosed  
23 as to the consumption of coal and iron ore in the  
24 operations during the period of the Japanese occupa-  
25 tion?



CHEN

DIRECT

1           A    Of 4,300,000 tons of ore mined during the  
2           time of Japanese operation, only about 700,000 tons  
3           were used in smelting -- in producing pig iron. They  
4           used about two tons of iron ore and 2.2 tons of coke  
5           to produce one ton of pig iron.

6           Q    As an expert, Mr. Chen, in the manufacture  
7           of iron and steel, will you state what your experience  
8           as to the practice is as to the use of coke and iron  
9           ore in the manufacture of iron?

10          A    The amount of iron ore used is variable  
11          according to the percentage of the iron ore content.  
12          While for coke, usually one ton of coke is consumed  
13          for every ton of pig iron produced.

14          Q    You spoke about using 4,350,000 tons of ore,  
15          and spoke of a certain amount that had been used.  
16          Did you make a personal inspection of the books and  
17          records to determine what became of some of the ore  
18          during that operation?

19          A    Yes, I do. I examined all the books, and I  
20          found out that 1,400,000 tons were exported to Man-  
21          churia, 1,000,000 -- and about 1,030,000 tons of iron  
22          ore were exported to Japan.

23          Q    What effect did the use of this ore during  
24          the period of that occupation have on the ore reserves  
25          in that district?



1           A    A little over four per cent of total reserve  
2   in these regions were depleted.

3           Q    Did you have any other connections with any  
4   other mines in China? If you did, will you give the  
5   names of them and describe their operations?

6           A    Well, I have connections with the Man-Tou-  
7   Shang Coal Mine and Wai-Nan Coal Mine and Railroad  
8   Company. As to the Man-Tou-Shang Coal Mine, I am  
9   a shareholder and director of the Board of Directors  
10   of that mine. This mine used to produce 400 tons  
11   of coal per day. It is situated very near to the  
12   Yang-Tzu River. There is a railroad of several kilo-  
13   meters using light railroad tracks with locomotives  
14   hauling 400 tons of coal per day. It has a power  
15   plant of 540 kilowatts. It is operated with electricity.  
16   All the mining machinery, such as pumps, hoisting en-  
17   gines, air compressors, and so forth, are operated by  
18   electricity. It is four to twelve feet thick in coal  
19   seam. It gives good semi-anthracite of eleven per cent  
20   ash and heavy value of 12,000 B. T. U. Well, I went  
21   there in December of 1945 to see the mine. When I  
22   went there, I found nothing but a piece of flat land.  
23   All the buildings were demolished and all the  
24   machinery, railroads and equipment, as told by the  
25   natives of the region, they were all demolished and

1 taken away. All the heavy pieces were cut into small  
2 pieces and taken away. As to Wai-Nan Coal Mine, it  
3 has a railroad of 212 kilometers. It can produce  
4 2,000 tons of coal daily on an average. It has a  
5 neighboring mine called the Ta-Tung Coal Mine. That  
6 is -- it is inaugurated -- completed together with  
7 the Wai-Nan Coal Mine to form the new Wai-Nan Mining  
8 Company now. The Ta-Tung Coal Mine used to produce  
9 1500 tons of coal a day. At present, after consolida-  
10 tion of these two mines, they can produce only 1100  
11 tons of coal per day. The director of the mining  
12 company told me that during the time of occupation by  
13 the Japanese forces they have mined coal without doing  
14 any developing work so that all the coal above the  
15 186-meter level were either mined out or put in a  
16 situation that cannot make access at present, because  
17 they pay no attention to the maintenance of the arch-  
18 way, and they have mined out a part of the pillars in  
19 the archways. So these mines cannot recover their  
20 original output without sinking new shafts.

21 MR. HAUXHURST: We have no further direct  
22 examination.

23 THE PRESIDENT: Mr. Howard.

24 MR. HOWARD: Mr. President, I have only one  
25 or two short questions.

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CROSS

## CROSS-EXAMINATION

BY MR. HOWARD:

Q Mr. Witness, you spoke of books from which you got records or got information. Do you have those books with you?

A No.

MR. HOWARD: We would like to suggest that the best evidence would be the books. We did not object at the time that the question was asked, but it appears to us that that would be the best evidence.

THE PRESIDENT: Captain Brooks.

MR. BROOKS: Mr. President.

## CROSS-EXAMINATION (Continued)

BY MR. BROOKS:

Q Mr. Witness, you testified about the North China Iron and Steel Corporation. When was this North China Iron and Steel Corporation brought into existence?

A It was inaugurated in March 1st of this year, as a company under the National Resources Commission of National Government of China.

Q Now I think you testified that it was to take over certain Japanese companies, was it? Was it especially organized for that purpose alone?

A Oh, yes.

Q Now these Japanese companies that it was to

CHEN

CROSS

1 take over, had any of these companies been in existence  
2 prior to 1928?

3 A No, none.

4 Q Had these Japanese companies that had been  
5 taken over or have been taken over, were they formerly  
6 Chinese or Manchurian companies that were taken over  
7 by the Japanese companies, if you know?

8 A Well, the Peiping Smelting plant is formerly  
9 a Chinese plant called the Lung-Yen Iron Smelting  
10 Company. During the time of the war it was taken over  
11 by the Japanese to form the North China Iron Manufac-  
12 turing Company. The Lung-Yen mine was a Chinese-  
13 operated iron mine. During the time of war it was  
14 taken over by the Japanese to form the Lung-Yen Iron  
15 Ore Mining Company.

16 Q What was the process of taking over? Was  
17 there a purchase of interest, a leasing, or was it  
18 any other manner of taking over?

19 A Well, I haven't went into details to these  
20 details.

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1 Q I understand from your answer that you are  
2 not familiar with that, is that correct?

3 A Well, you see, at present we just took over  
4 and then in future we are going to come into the de-  
5 tails of these facts.

6 Q You misunderstood my question. I am not  
7 talking about the North China Iron and Steel Company  
8 taking over the Japanese companies. My question is,  
9 when the Japanese companies took over some of these  
10 Chinese companies, what was the manner of taking  
11 over there; what were the financial arrangements, the  
12 leases or agreements that were made at that time with  
13 the former Chinese companies?

14 A In regard to the iron smelting - Iron Manu-  
15 facturing Company, at Peking, the North China Iron  
16 Manufacturing Company, the Japanese took over by  
17 force and arbitrarily given a certain amount of money  
18 as share for the old shareholders. I haven't gone  
19 into the details of this since.

20 Q But certain amounts were given. Now, Mr.  
21 Witness, were there not some of these companies that  
22 were formed by Japanese finance and materials, without  
23 having any previous Chinese existence?

24 A Most every -- the Tang-Shan Steel Company,  
25 the Tien-hsin Iron Manufacturing Company, the Ito

CHEN

CROSS

1 Steel Manufacturing Company Tsingtao Iron Manufac-  
2 turing Company.

3 Q Would you say that the most of these companies  
4 that you are now taking over were financed by Japan-  
5 ese companies originally?

6 A What I mentioned last, these companies are  
7 financed and operated by Japanese.

8 Q Now, this group of companies that you have  
9 talked about taking over, is not it a very small  
10 percentage of the total of such companies in China?

11 A The percentage in China is not big.

12 Q The companies that were taken over were,  
13 as I understand, in military areas, where the Japan-  
14 ese military forces were occupying, and my question  
15 is directed to that. Is not that necessarily a small  
16 percentage of the companies of China as a whole?

17 A Well, you see, the biggest percentage is  
18 Manchuria. In North China the industry is less, not  
19 an appreciable amount as compared with Manchuria.

20 Q Hasn't that been true to a large extent  
21 because of the heavy financial assistance and material  
22 assistance rendered by the Japanese in that area?

23 A Please kindly repeat the question. I can-  
24 not hear clear.

25 MR. BROOKS: Will the reporter please read

CHEN

CROSS

1 the question back to him?

2 (Whereupon, the last question was  
3 read by the official court reporter as above  
4 recorded.)

5 A I don't think there is any assistance to  
6 China, because all these materials produced were used  
7 in the war against China.

8 Q Is not it true also, Mr. Witness, that other  
9 countries have supplied financial aid and equipment  
10 in making possible the greater production of that  
11 area of Manchuria and Northern China?

12 MR. HAUXHURST: If the Court please, it  
13 seems to me that that question is objectionable, not  
14 applicable or material to the direct examination.

15 THE PRESIDENT: I understand that Captain  
16 Brooks is suggesting to him that the mines adversely  
17 affected by the Japanese treatment were largely  
18 foreign investments, Japanese and something other  
19 than Chinese. The question is within that limits.  
20 I do not see anything objectionable.

21 A Since North China Iron and Steel Corporation  
22 has nothing to do with other foreign interests, so  
23 I cannot say anything about foreign interests, be-  
24 cause I am not in a position to know anything but  
25 what I have taken over.

1 MR. BROOKS: No further cross-examination,  
2 your Honor.

3 MR. HAUXHURST: No re-direct. May the wit-  
4 ness go on the usual terms?

5 THE PRESIDENT: The witness may go on the  
6 usual terms.

7 (Whereupon, the witness was excused.)

8 MR. HAUXHURST: If the Court please, I would  
9 now like to refer to Court exhibit No. 58, which is  
10 papers relating to the foreign relations of the  
11 United States and Japan, 1931 to 1941, Volume 1.

12 THE PRESIDENT: Admitted on the usual terms.

13 CLERK OF THE COURT: Prosecution's document  
14 No. 219M will receive exhibit No. 457.

15 (Whereupon, the document above re-  
16 ferred to was marked prosecution's exhibit  
17 No. 457 and received in evidence.)

18 MR. HAUXHURST: These excerpts consist of  
19 complete copies of a letter from the American Am-  
20 bassador in Japan to the Japanese Prime Minister,  
21 under date of October 6, 1938, the reply of the  
22 Japanese Minister for Foreign Affairs to the Ameri-  
23 can Ambassador in Japan under date of November 18,  
24 1938.

25 THE PRESIDENT: You will be some time on this



1 document, Mr. Hauxhurst?

2 MR. HAUXHURST: Yes.

3 THE PRESIDENT: This is a convenient time  
4 at which to take the mid-afternoon recess. We will  
5 adjourn now for fifteen minutes.

6 (Whereupon, at 1445, a recess was  
7 taken until 1500, after which the proceedings  
8 were resumed as follows:)

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1           DEPUTY MARSHAL OF THE COURT: The Tribunal  
2 is now resumed.

3           MR. HAUXHURST: May it please the Tribunal,  
4 in connection with this document, the excerpts from  
5 this document, I would like to call the Court's atten-  
6 tion to exhibit No. 239, on pages 2960 and 2966 -- I  
7 am sorry, 269, document 1338, on pages 3584 to 3599,  
8 "Materials for the Private Report to the Emperor by  
9 Minister UGAKI." On page 3590, "Report of Foreign  
10 Minister ARITA to the Privy Council at its Meeting  
11 on the 29th of November 1938 Dealing with the Foreign  
12 Policy towards China." Also on page 3596, Part III,  
13 a discussion of the foreign relations in that particular  
14 exhibit. Also exhibit 241 referred to in the record  
15 at page 2972, "Proceedings of the Privy Council with  
16 reference to the signing of the Protocol between Japan  
17 and Manchukuo." Also of the same exhibit, pages 2982  
18 to 2986, where the discussion of the violation of the  
19 Nine-Power Pact was had.

20           This is a letter from "The American Ambassa-  
21 dor in Japan (Grew) to the Japanese Prime Minister and  
22 Minister for Foreign Affairs (Prince Konoye).

23           "No. 1076. Tokyo, October 6, 1938.

24           "EXCELLENCY: On the occasion of the interview  
25 which Your Excellency accorded me on October 3, when

1 I had the honor to convey orally the views and desires  
2 of my Government with regard to conditions in China  
3 being brought about by agencies or representatives of  
4 the Japanese Government, which are violative of or  
5 prejudicial to American rights and interests in China,  
6 I undertook to set forth and to extend those views and  
7 desires in a note to be presented shortly thereafter.  
8 In fulfillment of that undertaking and under instruc-  
9 tion from my Government, I now have the honor to address  
10 Your Excellency as follows:

11 "The Government of the United States has had  
12 frequent occasion to make representations to Your  
13 Excellency's Government in regard to action taken and  
14 policies carried out in China under Japanese to which  
15 the Government of the United States takes exception as  
16 being, in its opinion, in contravention of the prin-  
17 ciple and the condition of equality of opportunity or  
18 the 'open door' in China. In response to these repre-  
19 sentations, and in other connections, both public and  
20 private, the Japanese Government has given categorical  
21 assurances that equality of opportunity or the open  
22 door in China will be maintained. The Government of  
23 the United States is constrained to observe, however,  
24 that notwithstanding the assurances of the Japanese  
25 Government in this regard violation by Japanese agencies

1 of American rights and interests has persisted.

2 "As having by way of illustration a bearing on  
3 the situation to which the Government of the United  
4 States desires to invite the attention of the Japanese  
5 Government, it is recalled that at the time of the  
6 Japanese occupation of Manchuria the Japanese Govern-  
7 ment gave assurances that the open door in Manchuria  
8 would be maintained. However, the principal economic  
9 activities in that area have been taken over by special  
10 companies which are controlled by Japanese nationals  
11 and which are established under special charters accord-  
12 ing them a preferred or exclusive position. A large  
13 part of American enterprise which formerly operated in  
14 Manchuria has been forced to withdraw from that terri-  
15 tory as a result of the preferences in force there.  
16 Arrangements between Japan and the regime now function-  
17 ing in Manchuria allow the free movement of goods and  
18 funds between Manchuria and Japan while restricting  
19 rigidly the movement of goods and funds between Man-  
20 churia and countries other than Japan.

21 "This channeling of the movement of goods is  
22 effected primarily by means of exchange control exer-  
23 cised under the authority of regulations issued under  
24 an enabling law which provide expressly that for the  
25 purposes of the law Japan shall not be considered a



1 foreign country nor the Japanese yen a foreign currency.  
2 In the opinion of my Government equality of opportunity  
3 or open door has virtually ceased to exist in Manchuria  
4 notwithstanding the assurances of the Japanese Govern-  
5 ment that it would be maintained in that area,

6 "The Government of the United States is now  
7 apprehensive lest there develop in other areas of China  
8 which have been occupied by Japanese military forces  
9 since the beginning of the present hostilities a  
10 situation similar in its adverse effect upon the com-  
11 petitive position of American business to that which  
12 now exists in Manchuria.

13 "On April 12, 1938, I had occasion to invite  
14 the attention of Your Excellency's predecessor to  
15 reports which had reached the Government of the United  
16 States indicating that discrimination in favor of Japan-  
17 ese trade with North China was likewise to be by means  
18 of exchange control and to ask for assurances that the  
19 Japanese Government would not support or countenance  
20 financial measures discriminating against American  
21 interests. Although the Minister for Foreign Affairs  
22 stated then that the Japanese Government would continue  
23 to support the principle of equal opportunity or open  
24 door in China no specific reply has yet been made by  
25 the Japanese Government on the subject of these

1 representations.

2 "The Government of the United States now  
3 learns that the Japanese authorities at Tsingtao have  
4 in effect established an exchange control, that they  
5 are exercising a discretionary authority to prohibit  
6 exports unless export bills are sold to the Yokohama  
7 Specie Bank, and that the Bank refuses to purchase  
8 export bills except at an arbitrary rate ~~far~~ lower than  
9 the open market rate prevailing at Tientsin and Shanghai.  
10 A somewhat similar situation apparently prevails at  
11 Chefoo. Furthermore, reports continue to reach the  
12 American Government that a comprehensive system of  
13 exchange control will soon be established throughout  
14 North China. Control of foreign exchange transactions  
15 gives control of trade and commercial enterprise, and  
16 the exacting, either directly or indirectly, by the  
17 Japanese authorities of control of exchange in North  
18 China would place those authorities in position to  
19 thwart equality of opportunity or free competition  
20 between Japan and the United States in that area. In  
21 such a situation, imports from and exports to the  
22 United States, as well as the choice of dealers in  
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1 North China, would be entirely subjected to the dispen-  
2 sation of the Japanese authorities. Notwithstanding  
3 the short time that exchange control has been enforced  
4 in Tsingtao, two cases of discrimination have already  
5 been brought to the attention of the Government of the  
6 United States. In one instance an American dealer in  
7 a staple commodity has been unable to export to the  
8 United States because Japanese authorities there have  
9 insisted that his export bills be sold to a Japanese  
10 bank at a price so far below the current rate of ex-  
11 change of the Chinese currency in the open market that  
12 such transaction would involve a loss rather than a  
13 profit; but a Japanese competitor recently completed a  
14 large shipment invoiced at a price in United States  
15 dollars which was equivalent to the local market price  
16 calculated at the current open market rate. In other  
17 instance, an American firm was prevented from pur-  
18 chasing tobacco in Shantung unless it should purchase  
19 so-called Federal Reserve notes or yen currency with  
20 foreign money and at an arbitrary and low rate of  
21 exchange, conditions not imposed upon the company's  
22 Japanese or Chinese competitors.

23 "The Government of the United States has  
24 already pointed out to the Japanese Government that  
25 alterations of the Chinese customs tariff by the regimes



1 functioning in those portions of China occupied by  
2 Japanese armed forces and for which the Japanese Govern-  
3 ment has formally assured its support are arbitrary and  
4 illegal assumptions of authority for which the Japanese  
5 Government has an inescapable responsibility. It is  
6 hardly necessary to add that there can be no equality of  
7 opportunity or open door in China so long as the ulti-  
8 mate authority to regulate, tax, or prohibit trade is  
9 exercised, whether directly or indirectly, by the  
10 authorities of one 'foreign' power in furtherance of  
11 the interests of that power. It would appear to be  
12 self-evident that a fundamental prerequisite of a con-  
13 dition of equality of opportunity or open door in China  
14 is the absence in the economic life of that country of  
15 preferences or monopolistic rights operating directly  
16 or indirectly in favor of any foreign country or its  
17 nationals. On July 4 I spoke to General Ugaki of the  
18 desire of the American Government that there be avoided  
19 such restrictions and obstacles to American trade and  
20 other enterprises as might result from the setting up  
21 of special companies and monopolies in China. The  
22 Minister was so good as to state that the open door in  
23 China would be maintained and that the Government of  
24 the United States might rest assured that the Japanese  
25 Government would fully respect the principle of equal



1 opportunity.

2 "Notwithstanding these assurances, the Provi-  
3 sional regime in Peiping announced on July 30th the  
4 inauguration as of the following day of the China  
5 Telephone and Telegraph Company, the reported purpose  
6 of this organization being to control and to have  
7 exclusive operation of telephone and telegraph commu-  
8 nications in North China. There was organized in  
9 Shanghai on July 31st the Central China Telecommunica-  
10 tions Company, and the Special Service Section of the  
11 Japanese army has informed foreign cable and telegraph  
12 companies that the new company proposes to control all  
13 the telecommunications in Central China. According to  
14 a semi-official Japanese press report, there was  
15 organized at Shanghai on July 28 the Shanghai Inland  
16 Navigation Steamship Company to be controlled by Japan-  
17 ese the reported object of which is to control water  
18 transportation in the Shanghai delta area. According  
19 to information which has reached my Government, a  
20 Japanese company has been organized to take over and  
21 operate the wharves at Tsingtao which have hitherto  
22 been publicly owned and operated. Should such a devel-  
23 opment occur, all shipping of whatever nationality  
24 would become dependent upon a Japanese agency for  
25 allotments of space and stevedoring facilities. The

1 wool trade in North China is now reported to be a  
2 Japanese monopoly and a tobacco monopoly in that area  
3 is reported to be in process of formation. Moreover,  
4 according to numerous reports which have been reaching  
5 my Government, the Japanese Government is proceeding  
6 with the organization of two special promotion compa-  
7 nies which it has chartered and which it will control  
8 with the object of investing in, unifying, and regula-  
9 ting the administration of certain large sectors of  
10 economic enterprise in China.  
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1           "The developments of which I have made men-  
2 tion are illustrative of the apparent trend of Japan-  
3 ese policy in China and indicate clearly that the  
4 Japanese authorities are seeking to establish in  
5 areas which have come under Japanese military occu-  
6 pation general preferences for, and superiority of,  
7 Japanese interests, in inevitable effect of which will  
8 be to frustrate the practical application of the prin-  
9 ciple of the open door and deprive American nationals  
10 of equal opportunity.

11           "I desire also to call Your Excellency's atten-  
12 tion to the fact that unwarranted restrictions placed  
13 by the Japanese military authorities upon American  
14 nationals in China--notwithstanding the existence of  
15 American treaty rights in China and the repeated assur-  
16 ances of the Japanese Government that steps had been  
17 taken which would insure that American nationals, inter-  
18 ests and property would not be subject to unlawful  
19 interference by Japanese authorities--further subject  
20 American interests to continuing serious inconvenience  
21 and hardships. Reference is made especially to the  
22 restrictions placed by the Japanese military upon Amer-  
23 ican nationals who desire to reenter and reoccupy  
24 properties from which they have been driven by the  
25 hostilities and of which the Japanese military have



1    been or still are in occupation. Mention may also  
2    be made of the Japanese censorship of and interference  
3    with American mail and telegrams at Shanghai and of  
4    restrictions upon freedom of trade, residence and  
5    travel by Americans including the use of railways,  
6    shipping, and other facilities. While Japanese mer-  
7    chant vessels are carrying Japanese merchandise between  
8    Shanghai and Nanking, those vessels decline to carry  
9    merchandise of other countries, and American and other  
10   non-Japanese shipping is excluded from the lower  
11   Yangtze on the grounds of military necessity. Applica-  
12   tions by American nationals for passes which would  
13   allow them to return to certain areas in the lower  
14   Yangtze valley have been denied by the Japanese author-  
15   ities on the ground that peace and order have not been  
16   sufficiently restored, although many Japanese mer-  
17   chants and their families are known to be in those  
18   areas.

19        "American nationals and their interests have  
20   suffered serious losses in the Far East arising from  
21   causes directly attributable to the present conflict  
22   between Japan and China, and even under the most fav-  
23   orable conditions an early rehabilitation of American  
24   trade with China cannot be expected. The American  
25   Government, therefore, finds it all the more difficult



1 to reconcile itself to a situation in which American  
2 nationals must contend with continuing unwarranted  
3 interference with their rights at the hands of the  
4 Japanese authorities in China and with Japanese ac-  
5 tions and policies which operate to deprive American  
6 trade and enterprise of equality of opportunity in  
7 China. It is also pertinent to mention that in Japan,  
8 too, American trade and other interests are under-  
9 going severe hardships as a result of the industrial,  
10 trade, exchange and other controls which the Japanese  
11 Government has imposed incident to its military opera-  
12 tions in China.

13 "While American interests in the Far East  
14 have been thus treated at the hands of the Japanese  
15 authorities, the Government of the United States has  
16 not sought either in its own territory or in the terri-  
17 tory of third countries to establish or influence the  
18 establishment of embargoes, import prohibitions,  
19 exchange controls, preferential restrictions, mono-  
20 polies or special companies--designed to eliminate or  
21 having the effect of eliminating Japanese trade and  
22 enterprise. In its treatment of Japanese nationals  
23 and their trade and enterprise, the American Govern-  
24 ment has been guided not only by the letter and spirit  
25 of the Japanese-American Commercial Treaty of 1911 but

1 by those fundamental principles of international law  
2 and order which have formed the basis of its policy  
3 in regard to all peoples and their interests; and  
4 Japanese commerce and enterprise have continued to  
5 enjoy in the United States equality of opportunity.

6 "Your Excellency cannot fail to recognize  
7 the existence of a great and growing disparity between  
8 the treatment accorded American nationals and their  
9 trade and enterprise by Japanese authorities in  
10 China and Japan and the treatment accorded Japanese  
11 nationals and their trade and enterprise by the Govern-  
12 ment of the United States in areas within its juris-  
13 diction.

14 "In the light of the situation herein re-  
15 viewed the Government of the United States asks that  
16 the Japanese Government implement its assurances  
17 already given with regard to the maintenance of the  
18 open door and to non-interference with American rights  
19 by taking prompt and effective measures to cause,

20 "(1) The discontinuance of discriminatory  
21 exchange control and of other measures imposed in  
22 areas in China under Japanese control which operate  
23 either directly or indirectly to discriminate against  
24 American trade and enterprise;

25 "(2) The discontinuance of any monopoly or

1 of any preference which would deprive American  
2 nationals of the right of undertaking any legitimate  
3 trade or industry in China or of any arrangement which  
4 might purport to establish in favor of Japanese inter-  
5 ests any general superiority of rights with regard to  
6 commercial or economic development in any region of  
7 China; and

8 "(3) The discontinuance of interference by  
9 Japanese authorities in China with American property  
10 and other rights including such forms of interference  
11 as censorship of American mail and telegrams and re-  
12 strictions upon residence and travel by Americans and  
13 upon American trade and shipping.

14 "The Government of the United States believes  
15 that in the interest of relations between the United  
16 States and Japan an early reply would be helpful.

17 "I avail myself (etc.)

18 JOSPEH C. GREW"

19 The letter from "The Japanese Minister for  
20 Foreign Affairs (Arita) to the American Ambassador  
21 in Japan (Grew) (Translation) No. 102, American I  
22 (Tokyo) November 18, 1938

23 "EXCELLENCY: I have the honor to inform Your  
24 Excellency that I have carefully perused the contents  
25 of Your Excellency's note no. 1076, dated October 6th,



1 addressed to the then Minister for Foreign Affairs  
2 Prince Konoye, concerning the rights and interests of  
3 the United States in China.

4 "In this note, Your Excellency sets forth, on  
5 the basis of information in the possession of the Gov-  
6 ernment of the United States, various instances in  
7 which Japanese authorities are subjecting American citi-  
8 zens in China to discriminatory treatment and are vio-  
9 lating the rights and interests of the United States.

10 "The views held by the Japanese Government with  
11 regard to these instances may be stated as follows:

12 "1. According to the information in the  
13 possession of the Imperial Government, the circumstances  
14 which led to the adoption of such measures as those at  
15 present enforced in Tsingtao concerning export exchange,  
16 and the present situation being as set forth below, it  
17 is believed that those measures cannot be construed as  
18 constituting any discrimination against American citi-  
19 zens.

20 "A short time ago the Federal Reserve Bank of  
21 China was established in North China. This bank's  
22 notes, with foreign exchange value fixed at one shilling  
23 and two pence to one yuan, already have been issued to  
24 an amount of more than one hundred million yuan, and  
25 are being widely circulated. These bank notes being



1 the legal currency required by the Provisional Govern-  
2 ment, the maintenance of their value and their smooth  
3 circulation is regarded as an indispensable basis for  
4 the conduct and development of economic activities in  
5 North China. Since the Japanese Government has there-  
6 fore taken a cooperative attitude, all Japanese sub-  
7 jects are using those notes, and accordingly, even in  
8 their export trade are exchanging them at the rate of  
9 one shilling and two pence. On the other hand, the  
10 former legal currency still circulating in these areas  
11 has depreciated in exchange value to about eight pence  
12 per yuan. Consequently those who are engaged in export  
13 trade and are using this currency, are enjoying improper  
14 and excessive profits, as compared with those who are  
15 using Federal Reserve notes and carrying on legitimate  
16 transactions at the legally established rate of exchange.  
17 Japanese subjects and others who are using Federal  
18 Reserve notes have been suffering unreasonable and  
19 excessive losses as compared with those persons who use  
20 exclusively the former legal currency although residing  
21 and carrying on their businesses in the areas under the  
22 jurisdiction of the Provisional Government of North  
23 China. Furthermore, the existence of the above men-  
24 tioned disparity between the foreign exchange value  
25 of the Federal Reserve notes and that of the former

1 legal currency, which currency the Federal Reserve  
2 Bank has been and is exchanging at a rate almost on  
3 a par with its own notes, is bound to exert an unfavourable  
4 effect upon the exchange value of the Federal Reserve  
5 notes, and eventually also upon the  
6 exchange value of the Japanese yen. The Japanese  
7 Government therefore cannot remain indifferent to  
8 such a situation."

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1 "In order to place the users of the former  
2 legal currency who have been obtaining improper and  
3 excessive profits on an equal footing with those  
4 using the Federal Reserve notes and at the same time  
5 to assist in the maintenance of the exchange value of  
6 the Federal Reserve Bank notes, represents an objec-  
7 tive of those export exchange measures adopted at  
8 Tsingtao. Inasmuch as the application of the measures  
9 makes no differentiation according to nationality they  
10 are not at all discriminatory. As a matter of fact,  
11 it is through these measures that those users of the  
12 Federal Reserve notes who had in a sense been discrimi-  
13 nated against have been placed on an equal footing with  
14 the others, and thus, for the first time on equal foot-  
15 ing, are enabled to compete on an entirely equitable  
16 basis.

17 "2. Sometime ago the new regimes in North  
18 and Central China revised the Customs tariff rates  
19 seeking to secure a rational modification of the  
20 former tariff rates enforced by the Nationalist Govern-  
21 ment, because those rates were unduly high and not  
22 suitable for the promotion of the economic recovery  
23 and general welfare of the Chinese people. In any  
24 case, the schedule adopted is the one that was readily  
25 approved by the Powers in 1931, and was not calculated



1 to inure to the benefit of any particular country.  
2 Accordingly no complaint has been heard from foreign  
3 residents of any nationality in China. The Japanese  
4 Government is, of course, in favour of the purpose  
5 of this revision and believes that it will serve to  
6 promote effectively the trade of all countries with  
7 China.

8 "3. As for the organization of certain  
9 promotion companies in China, the restoration and  
10 development of China's economic, financial and indus-  
11 trial activities following the present incident is  
12 a matter of the most urgent necessity for the welfare  
13 of the Chinese people. Moreover, the Japanese  
14 Government, for the sake of the realization of a new  
15 order in East Asia, is exceedingly anxious for the  
16 prompt inauguration and progress of undertakings  
17 looking toward such restoration and development, and  
18 is devoting every constructive effort to realize  
19 this objective. The fact that the North China Devel-  
20 opment Company and the Central China Promotion Company  
21 were established represents nothing other than an  
22 offer to China of the necessary assistance for this  
23 restoration, and at the same time, an attempt to con-  
24 tribute to the development of the natural resources  
25 of China. It does not in any way impair the rights



1 and interests of nationals of Your Excellency's country  
2 or in any way discriminate against their enterprises.  
3 The Japanese Government therefore, of course, has no  
4 intention of opposing, but rather welcomes heartily,  
5 the participation of third Powers which intend to  
6 cooperate on the basis of the new conditions.

7 "The telecommunication companies in North  
8 and Central China, the inland navigation steamship  
9 company at Shanghai and the wharfage company at  
10 Tsingtao have also been established to meet the  
11 imperative need of an early restoration of communica-  
12 tions, transportation, and harbor facilities which  
13 were destroyed as a result of the incident. It is  
14 proper that the telecommunications enterprise, not  
15 only because of its nature as a public utility but  
16 also in view of its relation to the maintenance of  
17 peace and order and to national defense, should be  
18 undertaken by special companies. However, all other  
19 enterprises being ordinary Chinese or Japanese juridical  
20 persons, do not have the objectives of discrimination  
21 against Your Excellency's country or third powers or  
22 of the gaining of monopolistic profits. As regards  
23 the wool trade, while the control of purchasing  
24 agencies was enforced in the Mongolian region, it  
25 now has been discontinued. There is at present no

1 plan of any sort for the establishment of a tobacco  
2 monopoly.

3 "4. Concerning the return of American citi-  
4 zens to the occupied areas, in North China there is  
5 no restriction on their returning, except in special  
6 cases where the personal safety of those who return  
7 would be endangered. Your Excellency is aware that  
8 in the Yangtze Valley large numbers of Americans have  
9 already returned. The fact that permission to return  
10 has not yet been made general is, as has been repeated-  
11 ly communicated to Your Excellency, owing to consider-  
12 ations of the danger involved on account of order not  
13 yet being restored, or because of the impossibility  
14 of admitting nationals of third Powers on account of  
15 strategic necessities such as the preservation of  
16 military secrets. Further, the various restrictions  
17 enforced in the occupied areas concerning the resi-  
18 dence, travel, enterprise and trade of American citi-  
19 zens, constitute the minimum regulations possible  
20 consistent with military necessities and the local  
21 conditions of peace and order. It is the intention  
22 of the Japanese Government to restore normal conditions  
23 as soon as circumstances permit.

24 "5. The Japanese Government is surprised  
25 at the allegation that there exists a fundamental

1 difference between the treatment accorded to Japanese  
2 in America and the treatment accorded to Americans in  
3 Japan. While it is true that in this period of emer-  
4 gency, Americans residing in this country are subject  
5 to various economic restrictions, these restrictions  
6 are, needless to say, imposed not upon Americans alone  
7 but also equally upon all foreigners as well as upon  
8 Japanese subjects. A statement of the views of the  
9 Japanese Government concerning the opinion as set  
10 forth in Your Excellency's note, regarding the treat-  
11 ment of Japanese subjects in American territory, is  
12 reserved for another occasion.

13 "While the Japanese Government with the in-  
14 tention of fully respecting American rights and in-  
15 terests in China, as has been frequently stated above,  
16 has been making every effort in that direction in view  
17 of the fact that military operations on a scale un-  
18 precedented in our history are now being carried out  
19 in East Asia, I am of the opinion that the Government  
20 of Your Excellency's country also should recognize the  
21 fact that occasionally obstacles arise hindering the  
22 effecting of the intention of respecting the rights and  
23 interests of Your Excellency's country.

24 "At present Japan,devoting its entire energy  
25 to the establishment of a new order based on genuine



1 international justice throughout East Asia, is making  
2 rapid strides toward the attainment of this objective.  
3 The successful accomplishment of this purpose is not  
4 only indispensable to the existence of Japan, but also  
5 constitutes the very foundation of the enduring peace  
6 and stability of East Asia.

7 "It is the firm conviction of the Japanese  
8 Government that now, at a time of the continuing devel-  
9 opment of new conditions in East Asia an attempt to  
10 apply to present and future conditions without any  
11 changes concepts and principles which were applicable  
12 to conditions prevailing before the present incident  
13 does not in any way contribute to the solution of  
14 immediate issues and further does not in the least pro-  
15 mote the firm establishment of enduring peace in East  
16 Asia.

17 "The Imperial Government, however, does not  
18 have any intention of objecting to the participation  
19 in the great work of the reconstruction of East Asia  
20 by Your Excellency's country or by other Powers in all  
21 fields of trade and industry, when such participation  
22 is undertaken with an understanding of the purport of  
23 the above stated remarks; and further, I believe that  
24 the regimes now being formed in China are also prepared  
25 to welcome such participation.



"I avail myself (etc.)

"HACHIRO ARITA"

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1           The reply is numbered 1153, dated Tokyo,  
2           December 30, 1938. (Reading):

3           "EXCELLENCY: Acting under the instructions  
4           of my Government I have the honor to address to Your  
5           Excellency the following note:

6           "The Government of the United States has  
7           received and has given full consideration to the  
8           reply of the Japanese Government of November 18  
9           to this Government's note of October 6 on the sub-  
10          ject of American rights and interests in China.

11          "In the light of facts and experience the  
12          Government of the United States is impelled to re-  
13          affirm its previously expressed opinion that im-  
14          position of restrictions upon the movements and  
15          activities of American nationals who are engaged  
16          in philanthropic, educational and commercial en-  
17          deavors in China has placed and will, if continued,  
18          increasingly place Japanese interests in a pre-  
19          ferred position and is, therefore, unquestionably  
20          discriminatory in its effect against legitimate  
21          American interests. Further, with reference to  
22          such matters as exchange control, compulsory  
23          currency circulation, tariff revision, and mono-  
24          polistic promotion in certain areas of China the  
25          plans and practices of the Japanese authorities

1 imply an assumption on the part of those authorities  
2 that the Japanese Government or the regimes esta-  
3 blished and maintained in China by Japanese armed  
4 forces are entitled to act in China in a capacity  
5 such as flows from rights of sovereignty and further  
6 in so acting to disregard and even to declare non-  
7 existent or abrogated the established rights and in-  
8 terests of other countries including the United  
9 States.

10 "The Government of the United States ex-  
11 presses its conviction that the restrictions and  
12 measures under reference not only are unjust and un-  
13 warrented but are counter to the provisions of  
14 several binding international agreements, volun-  
15 tarily entered into, to which both Japan and the  
16 United States, and in some cases other countries,  
17 are parties.

18 "In the concluding portion of its note  
19 under reference, the Japanese Government states  
20 that it is firmly convinced that in the face of  
21 the new situation, fast developing in Asia, any  
22 attempt to apply to the conditions of today and  
23 tomorrow inapplicable ideas and principles of the past  
24 neither would contribute toward the establishment of  
25 a real peace in East Asia nor solve the  
immediate issues and that 'as long as these



1 points are understood Japan has not the slightest  
2 inclination to oppose the participation of the  
3 United States and other Powers in the great work  
4 of reconstructing East Asia along all lines of  
5 industry and trade.'

6 "The Government of the United States in  
7 its note of October 6 requested, in view of the  
8 oft reiterated assurances proffered by the Govern-  
9 ment of Japan of its intention to observe the  
10 principles of equality of opportunity in its rela-  
11 tions with China and in view of Japan's treaty obli-  
12 gations so to do, that the Government of Japan abide  
13 by those obligations and carry out these assurances  
14 in practice. The Japanese Government in its reply  
15 appears to affirm that it is its intention to make  
16 its observance of that principle conditional upon  
17 an understanding by the American Government and by  
18 other governments of a 'new situation' and a 'new  
19 order' in the Far East as envisaged and fostered  
20 by Japanese authorities.

21 "Treaties which bear upon the situation  
22 in the Far East have within them provisions relating  
23 to a number of subjects. In the making of those  
24 treaties, there was a process among the parties to  
25 them of give and take. Toward making possible the



1 carrying out of some of their provisions, others  
2 among their provisions were formulated and agreed  
3 upon: toward gaining for itself the advantage of  
4 security in regard to certain matters, each of  
5 the parties committed itself to pledges of self-  
6 denial in regard to certain other matters. The  
7 various provisions agreed upon may be said to have  
8 constituted collectively an arrangement for safe-  
9 guarding, for the benefit of all, the correlated  
10 principles on the one hand of national integrity  
11 and on the other hand of equality of economic  
12 opportunity. Experience has shown that impairment  
13 of the former of these principles is followed al-  
14 most invariably by disregard of the latter. When-  
15 ever any government begins to exercise political  
16 authority in areas beyond the limits of its lawful  
17 jurisdiction there develops inevitably a situation  
18 in which the nationals of that government demand and  
19 are accorded at the hands of their government, pre-  
20 ferred treatment, whereupon equality of opportunity  
21 ceases to exist and discriminatory practices, pro-  
22 ductive of friction prevail.

23 "The admonition that enjoyment by the  
24 nationals of the United States of non-discrimina-  
25 tory treatment in China--a general and well esta-

1 blished right--is henceforth to be contingent upon  
2 an admission by the Government of the United States  
3 of the validity of the conception of Japanese auth-  
4 orities of a 'new situation' and a 'new order' in  
5 East Asia, is, in the opinion of this Government,  
6 highly paradoxical.

7 "This country's adherence to and its advo-  
8 cacy of the principle of equality of opportunity do  
9 not flow solely from a desire to obtain the comm-  
10 ercial benefits which naturally result from the pro-  
11 visions of that principle. They flow from a firm  
12 conviction that observance of that principle leads  
13 to economic and political stability, which are con-  
14 ductive both to the internal well-being of nations  
15 and to mutually beneficial and peaceful relationships  
16 between and among nations; from a firm conviction  
17 that failure to observe that principle breeds in-  
18 ternational friction and ill-will, with consequences  
19 injurious to all countries, including in particular  
20 those countries which fail to observe it; and from  
21 an equally firm conviction that observance of that  
22 principle promotes the opening of trade channels  
23 thereby making available the markets, the raw mat-  
24 erials and the manufactured products of the commun-  
25 ity of nations on a mutually and reciprocally bene-

1 ficial basis.

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1           "The principle of equality of economic  
2 opportunity is, moreover, one to which over a long  
3 period and on many occasions the Japanese Government  
4 has given definite approval. It is one to the observ-  
5 ance of which the Japanese Government has committed  
6 itself in various international agreements and under-  
7 standings. It is one upon observance of which by  
8 other nations the Japanese Government has of its  
9 own accord and upon its own initiative frequently  
10 insisted. It is one to which the Japanese Govern-  
11 ment has repeatedly during recent months declared  
12 itself committed.

13           "The people and the Government of the  
14 United States could not assent to the establishment  
15 at the instance of and for the special purposes  
16 of any third country of a regime which would  
17 arbitrarily deprive them of the long established  
18 rights of equal opportunity and fair treatment which  
19 are legally and justly theirs along with those of  
20 other nationals.

21           "Fundamental principles such as the  
22 principle of equality of opportunity which have  
23 long been regarded as inherently wise and just  
24 which have been widely adopted and adhered to,  
25 and which are general in their application are not



1 subject to nullification by a unilateral affirmation.

2 "With regard to the implication in the  
3 Japanese Government's note that the conditions of  
4 today and tomorrow in the Far East call for a  
5 revision of the ideas and principles of the past,  
6 this Government desires to recall to the Japanese  
7 Government its position on the subject of revision  
8 of agreements.

9 "This Government had occasion in the course  
10 of a communication delivered to the Japanese Govern-  
11 ment on April 29, 1934, to express its opinion that  
12 'treaties can lawfully be modified or be terminated,  
13 -- but only by processes prescribed or recognized  
14 or agreed upon by the parties to them'.

15 "In the same communication this Govern-  
16 ment also said, 'In the opinion of the American  
17 people and the American Government, no nation  
18 can, without the assent of the other nations con-  
19 cerned, rightfully endeavor to make conclusive its  
20 will in situations where there are involved the  
21 rights, the obligations and the legitimate inter-  
22 ests of other sovereign states'. In an official  
23 and public statement on July 16, 1937, the Secre-  
24 tary of State of the United States declared that  
25 this Government advocates 'adjustment of problems

1 in international relations by processes of peaceful  
2 negotiation and agreement'.

3 "At various times during recent decades  
4 various powers, among which have been Japan and the  
5 United States, have had occasion to communicate and  
6 to confer with regard to situations and problems  
7 in the Far East. In the conducting of correspond-  
8 ence and of conferences relating to these matters,  
9 the parties involved have invariably taken into  
10 consideration past and present facts and they have  
11 not failed to perceive the possibility and the  
12 desirability of changes in the situation. In the  
13 making of treaties they have drawn up and have  
14 agreed upon provisions intended to facilitate  
15 advantageous developments and at the same time to  
16 obviate and avert the arising of friction between  
17 and among the various powers which, having interests  
18 in the regions under reference, were and would be  
19 concerned.

20 "In the light of these facts, and with  
21 reference especially to the purpose and the char-  
22 acter of the treaty provisions from time to time  
23 solemnly agreed upon for the very definite pur-  
24 poses indicated, the Government of the United  
25 States deprecates the fact that one of the parties

1 to these agreements has chosen to embark -- as  
2 indicated both by action of its agents and by  
3 official statements of its authorities -- upon  
4 a course directed toward the arbitrary creation  
5 by that power by methods of its own selection,  
6 regardless of treaty pledges and the established  
7 rights of other powers concerned, of a 'new order'  
8 in the Far East. Whatever may be the changes  
9 which have taken place in the situation in the  
10 Far East and whatever may be the situation now,  
11 these matters are of no less interest and concern  
12 to the American Government than have been the sit-  
13 uations which have prevailed there in the past,  
14 and such changes as may henceforth take place  
15 there, changes which may enter into the producing  
16 of a 'new situation' and a 'new order', are and will  
17 be like concern to this Government. This Government  
18 is well aware that the situation has changed.  
19 This Government is also well aware that many of  
20 the changes have been brought about by the action  
21 of Japan. This Government does not admit, however,  
22 that there is need or warrant for any one Power  
23 to take upon itself to prescribe what shall be the  
24 terms and conditions of a 'new order' in areas  
25 not under its sovereignty and to constitute itself



1 repository of authority and the agent of destiny  
2 in regard thereto.

3 "It is known to all the world that various  
4 of the parties to treaties concluded for the  
5 purpose of regulating contacts in the Far East  
6 and avoiding friction therein and therefrom --  
7 which treaties contained, for those purposes,  
8 various restrictive provisions -- have from time  
9 to time and by processes of negotiation and agree-  
10 ment contributed in the light of changed situations  
11 toward the removal of restrictions and toward the  
12 bringing about of further developments which would  
13 warrant in the light of further changes in the  
14 situation, further removals of restrictions. By  
15 such methods and processes, early restrictions  
16 upon the tariff autonomy of all countries in the Far  
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1 East were removed. By such methods and processes  
2 the rights of extraterritorial jurisdiction once en-  
3 joyed by Occidental countries in relations with coun-  
4 tries in the Far East have been given up in relations  
5 with all of those countries except China; and in the  
6 years immediately preceding and including the year  
7 1931, countries which still possessed those rights  
8 in China including the United States were actively  
9 engaged in negotiations--far advanced--looking toward  
10 surrender of those rights. All discerning and im-  
11 partial observers have realized that the United  
12 States and others of the 'treaty powers' have not  
13 during recent decades clung tenaciously to their so-  
14 called 'special' rights and privileges in countries  
15 of the Far East but on the contrary have steadily  
16 encouraged the development in those countries of in-  
17 stitutions and practices in the presence of which  
18 such rights and privileges may safely and readily be  
19 given up; and all observers have seen those rights and  
20 privileges gradually being surrendered voluntarily  
21 through agreement by the Powers which have possessed  
22 them. On one point only has the Government of the  
23 United States, along with several other governments,  
24 insisted: namely, that new situations must have de-  
25 veloped to a point warranting the removal of 'special'

1 safeguarding restrictions and that the removals be  
2 effected by orderly processes.

3 "The Government of the United States has at  
4 all times regarded agreements as susceptible of alt-  
5 eration, but it has always insisted that alterations  
6 can rightfully be made only by orderly processes of  
7 negotiation and agreement among the parties thereto.

8 "The Japanese Government has upon numerous  
9 occasions expressed itself as holding similar views.

10 "The United States has in its international  
11 relations rights and obligations which derive from in-  
12 ternational law and rights and obligations which rest  
13 upon treaty provisions. Of those which rest on treaty  
14 provisions, its rights and obligations in and with re-  
15 gard to China rest in part upon provisions in treaties  
16 between the United States and China and in part on  
17 provisions in treaties between the United States  
18 and several other powers including both China and  
19 Japan. These treaties were concluded in good faith for  
20 the purpose of safeguarding and promoting the in-  
21 terests not of one only but of all of their signa-  
22 tories. The people and the Government of the United  
23 States cannot assent to the abrogation of any of this  
24 country's rights or obligations by the arbitrary  
25 action of agents or authorities of any other country.'



1           "The Government of the United States has,  
2 however, always been prepared and is now prepared to  
3 give due and ample consideration to any proposals  
4 based on justice and reason which envisage the re-  
5 solving of problems in a manner duly considerate of  
6 the rights and obligations of all parties directly  
7 concerned by processes of free negotiation and new  
8 commitment by and among all of the parties so con-  
9 cerned. There has been and there continues to be  
10 opportunity for the Japanese Government to put  
11 forward such proposals. This Government has been  
12 and it continues to be willing to discuss such pro-  
13 posals, if and when put forward, with representa-  
14 tives of the other powers, including Japan and  
15 China, whose rights and interests are involved, at  
16 whatever time and in whatever place may be commonly  
17 agreed upon.

18           "Meanwhile, this Government reserves all  
19 rights of the United States as they exist and does  
20 not give assent to any impairment of any of those  
21 rights.

22           "I avail myself (etc.)

23                               "JOSEPH C. GREW"

24           THE PRESIDENT: It is four o'clock now.  
25 That clock is slow, and you must be tired, Mr.

1 Hauxhurst. We will adjourn now until half-past  
2 nine tomorrow morning.

3 (Whereupon, at 1600, an adjourn-  
4 ment was taken until Tuesday, 10 September  
5 1946 at 0930.)

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